
It is nearly as difficult for me to write a fair review of this book as it must have been, for an author whose well deserved reputation rests on a body of solid empirical and historical accounts, to write on the ‘structure and functioning of the Euro-Zone’ during the first few months of its operation, between February and September 1999. Seeing himself ‘as an explorer of uncharted territory’, his goal is ‘to discern ... what the parameters were within which the Euro-Zone was developing, and the nature of the challenges facing its policy makers’ (vii–viii). In carrying out this program, Dyson was guided by methodological preferences, and by some normative and empirical assumptions with which I happen to disagree. In focusing on these points, however, I in no way wish to deny the value of this information-rich and learned book.

After a brief introduction which emphasizes the historical importance of the move to the European Monetary Union (EMU) and the author’s methodological commitment to a ‘constructivist approach’ (as opposed to a very extreme version of ‘realism’), the first four chapters all deal with ‘how the Euro-Zone operates’; the fifth chapter combines brief accounts of the historical experiences of other attempts at monetary union with equally brief accounts of two competing conceptualizations in economic theory; the sixth and seventh chapters examine the preconditions and prospects for ‘negative’ and ‘positive stability’ of the Euro-Zone; and the eighth chapter finally discusses policy recommendations that would strengthen the Euro-Zone as a ‘stabilization state’.

The influence of the constructivist approach – which ‘sees the meaning of power in the Euro-Zone and the content of interests as largely a function of ideas’ (7) – is particularly salient in the first chapter which describes the operation of the Euro-Zone as ‘ECB-centric’. This is surely true: the ECB alone is in charge of monetary policy; its ‘primary objective’ is to maintain price stability (Article 105 ECT); and its institutional autonomy exceeds that of any national central bank. Hence, if the ECB performs its explicitly mandated function, governments and unions will have to adjust their own policy choices to the monetary parameters determined by the ECB in order to avoid damage to their own interests. This is indeed ‘asymmetric power’ resulting from the explicit rules of the EC Treaty, free capital mobility, and basic macro-economic causal mechanisms. To ascribe it instead to the intellectual dominance of the ‘sound money paradigm’ is not wrong, but may still be misleading: policy makers do indeed act on the basis of their ideas. But if these do not match real-world conditions, actions are less likely to succeed;
think of President François Mitterrand 1981–93. By focusing on paradigms, rather than on underlying institutional and economic conditions and causal mechanisms, Dyson tends to overestimate the power of ideas, and he comes close to suggesting that current constraints on fiscal and wage policy would have evaporated if Oskar Lafontaine had been able to persuade his ECOFIN colleagues.

The following three chapters continue the exploration of ‘how the Euro-Zone operates’ in the light of diverse explanatory models – as a two-level game, a product of the Franco-German relationship, a manifestation of ‘governance’ networks, an assertion of the institutional self-interest of member governments, or as outcomes explained by the propositions of ‘historical’, ‘sociological’ or ‘rational-choice institutionalism’. Much of this is interesting, but since the multiple perspectives are neither clearly distinct in their empirical implications nor really put to a test, it is unlikely that the reader could create a synoptic picture of Euro-Zone politics from these Rashomon-like explorations.

The book’s core argument is presented in chapters six and seven. In a nutshell, it maintains that the ‘negative stability’ of the Euro-Zone – the probability of systemic breakdown defined by the balance of strength and strain factors – is precarious: ‘likely to gravitate towards instability rather than stability, but also with sufficient strengths to give it an inbuilt capacity to survive’ (p. 209). Its main vulnerability, however is a lack of ‘positive stability’ or legitimacy that is due to

‘... the weak and incomplete incorporation of ideas of popular consent, social justice, and collective identity in the institutional design of the Euro-Zone. In consequence, the stability of the Euro-Zone remains potentially fragile, with an in-built bias for the Euro to be a “weak” and volatile currency’ (211).

Quite apart from whether international currency speculators should really be the judge of political legitimacy (what about Britain and Sweden in 1992–93?), I have three difficulties with these arguments. The first concerns the normative standards postulated in chapter 7: popular consent and accountability, solidarity and social justice, and a ‘collective identity that is internalized in collective bargaining and in labour-market, welfare-state, and fiscal policies’ (211) are surely relevant criteria for full-scale governments at the national level. But the ECB is not a full-scale government, and the Euro-Zone not a general-purpose polity. It merely protects the battered currencies of member states against speculative attacks internally, and it softens the impact of external fluctuations. In order to do so, it removed monetary-policy instruments from the control of individual governments – a control which members of the predecessor EMS regime had already ceded to the Bundesbank. If that is all, I see little need to go beyond the ‘technocratic conception of legitimacy’, let alone to scale the heights of Dyson’s demands for Kantian morality.

Our disagreement may be more cognitive than normative, however. Surely, the need for legitimacy (or for morality) increases with the discrepancy between self-interested and normatively required behavior. Throughout the book, Dyson assumes that self-interested governments and unions would destabilize the EMU through inflationary budgetary deficits and wage increases. If
that were true, strong controls would indeed have to be imposed and legitimated. But is it true? Already in the EMS, self-interested unions had to learn that jobs will be lost if unit labor costs were to rise faster than in competing industries abroad. Similarly, governments would find out that national demand reflation (to the extent that it is not dissipated through spill-outs) will raise the national rate of inflation and reduce export competitiveness. If these mechanisms are understood, informed self-interest should go a long way in assuring stability, even in the absence of effective and legitimated coordination mechanisms.

While I am more sanguine about the dangers considered by Dyson, I am concerned about a problem that he more or less ignores. Since the Euro-Zone is not an optimal currency area, the business cycle of member countries cannot always be synchronized. Last year, for instance, the rate of inflation was 1.6 per cent in France and 5.6 per cent in Ireland. Hence the uniform ECB monetary policy, aiming at the EMU aggregate, was somewhat too tight for France and much too loose for Ireland, where the nominal ECB interest rates translated into negative real interest rates, fueling an already overheated economy. For such problems, the European-level coordination of national policy choices (for which Dyson’s final chapter offers some very pragmatic recommendations) would provide no solution at all. National actors must use their remaining policy instruments to cope with the inevitable destabilizing effects with uniform ECB policy must have in some economies. Since the policies required – in the Irish case, perhaps, steep tax increases and effective wage restraint in the face of inflation – may be quite unpopular, the main challenges to political legitimacy in the Euro-Zone will have to be met at the national level. It would also follow that coordination requirements imposed from the European level ought to be minimized.

Fritz W. Scharpf

Max Planck Institute, Cologne


All governments must raise sufficient revenues to finance their activities, and they raise that revenue through a combination of different methods such as taxation, fees and charges for goods and services provided by the public sector, and by borrowing. In almost all countries the bulk of public revenues comes from taxation, although the types and relative magnitude of those taxes does vary substantially across countries. It therefore is crucial to understand how and why governments tax as they do. Cedric Sandford therefore addresses one of the most important questions in the comparative study of public policy. There are a large number of studies of most other policy areas, but relatively few attempts to understand cross-national variation in tax policies.

This volume demonstrates the variance that exists in the types and magnitude of taxation, both with a sample of the OECD countries and between the affluent OECD countries and the rest of the world. As well as looking at decisions about the distribution of tax revenues among a number of major sources such as income, expenditure and wealth, Sandford looks at the distribution of taxation at different levels of government, and problems of evasion,
avoidance, and tax administration. Further, within each of the major sources of tax revenue he examines several alternative versions of the tax and the implications of each alternative for government revenues and for the taxpayers. The analysis that Sandford presents gives the reader a good sense of the economic logic that governments might employ when making decisions about taxation.

In addition to the predominately economic analysis of this book Sandford also demonstrates the importance of administrative criteria for understanding taxation. Not only do different types of taxation provide citizens and businesses with differential opportunities for avoidance and evasion. Different taxes also require governments (and citizens) to invest more or fewer resources in complying with the taxes, and hence are more or less efficient in the task of providing governments the revenue they require. Thus, a ‘good’ tax is not only one that meets economic criteria such as equity, it is also one that can be administered efficiently.

The strength of this book is also its great weakness. The author does give a good sense of the economic logic for different forms of taxation, and links the individual taxes to standard economic principles of taxation. The problem is that these economic issues are only one part of the puzzle of public policy. Especially in the game of tax policy, politics rather than economics is trumps. Certainly the experts writing tax laws, and lobbyists attempting to influence the decisions will be cognizant of the economic arguments presented in this volume. The average citizen perhaps should be more aware of these technical issues, but generally will not be and tends to react to taxation in a more political, if not visceral, manner.

While there are numerous cases in which the political issues surrounding taxation appear to have been avoided, the issue of excise taxation is particularly relevant at this time in political life. The section on excise taxation provides a number of logics for using these taxes, such as the consequences of inelastic demand for tax revenues, and the possibility of using taxes to deter consumption. This section fails, however, to note that these taxes (and most other consumption taxes) may be emphasized in a portfolio of taxes because they are less visible to the public and hence less subject to political mobilization. The political mobilization against high gasoline taxes in Britain and other European countries in 2000 is the interesting exception to the political quiescence that usually characterizes excise taxation.

The other element of tax policies that is largely ignored in this volume is the influence that national traditions and ‘path dependence’ exert on the contemporary choices of tax policy. If we want to understand why countries tax as they do, as the name of Sandford’s book states, then one crucial explanation is that they tax a particular way because they have always taxed that way. The section on local government is a clear case in which traditions could provide a powerful explanation for the observed patterns, but the influence of historical patterns is not considered systematically.

In summary, this is a useful book, but not as useful as it might have been. It brings together a good deal of information about tax policy but largely ignores one of the most important, if not the most important, explanatory factor for the policy choices made. Further, because one side of the equation in tax policy is ignored we can not understand how the political factors are
balanced against the economic and technical characteristics of these alternative taxes in order to make ultimate policy choices.

B. Guy Peters

University of Pittsburgh


Public health law delineates the boundaries of tensions and an examination of its evolution through statutes and application through case law exemplifying societies’ changing approaches to the perennial tensions in any ‘trade-off between public goods and private rights, and the dilemma of whether to use coercive or voluntary public health measures’. Public health law is a fascinating arena in which individual, cultural and societal fears and apprehensions are, at least in the United States, brought into stark relief when examined under the spotlight of the courts. Blame, stigma, ostracism, and political controversy have historically surrounded many laws and legal decisions. It is, therefore, surprising that so few scholars have analysed it from a theoretical perspective. In this book Larry Gostin attempts this task and achieves it with elegance and clarity.

Gostin writes with great authority and profound knowledge of ‘the complex problems that arise when government regulates to prevent injury and disease or to promote the public’s health.’ This book represents, one senses, something of a personal odyssey. Gostin’s background is as a civil libertarian, having been head of the UK’s National Council of Civil Liberties and served on the National Board of the American Civil Liberties Union for many years. As he notes, ‘during all those years, I subscribed to the dominant liberal position that individual freedom is, by far, the preferred value to guide ethical and legal analysis in matters of physical and mental health.’ He reflects in this book, however, on the notion that radial libertarianism should be tempered. After all, ‘[a]s members of a society . . . our responsibility is not simply to defend our own right to be free from economic or personal restraint. We also have an obligation to protect and defend the community as a whole against threats to health, safety, and security.’

The book is organised into three major sections, the first two substantial, the third more brief. Part One formulates a theory of public health law, examines the relationship between the state and the community at large, and describes the position of public health law within the broader American legal framework. Gostin suggests and defines five essential, inter-related, characteristics of public health law: government’s power and duty to protect public health; the population as opposed to the individual focus of public health; the use of coercion to assure conformity with public health standards; the role of law in defining services for the benefit of the public; and finally, the relationship between government and the public. Part Two ‘explores the major substantive areas of public health practice as well as the conflicts with individual rights that arise.’ Areas covered include personal privacy, freedom of expression, for example in relation to tobacco advertising; threats to personal autonomy and liberty in the pursuit of public health, for example compulsory immunisation, compulsory screening, civil confinement for infectious diseases
control. The third section reflects upon what the future might hold and prescribes guidelines for reform of existing laws.

Public health law ‘is essential for creating the conditions for people to lead healthier lives.’ Given this assertion it is somewhat surprising, therefore, to find that so many public health laws are ineffective because of their ‘antiquity, inconsistency, redundancy, and ambiguity.’ Gostin recommends a rational, considered, framing of public health laws which reflect the changing nature of public health threats and increasing knowledge and argues that unclear statutes hamper public health work. It could be argued that nowhere is this more true than in Britain. In 1988 Chief Medical Officer for England Donald Acheson noted in his review of the public health function that there was a ‘lack of clarity about the role and responsibilities in [the field of public health which] derives from the complexity of the legislation and from a misunderstanding about its interpretation. The Public Health Acts comprise a complex body of legislation stretching back for more than a century. It is difficult to gain a coherent view of what is intended.’ Whilst in Britain the recent adoption of the European Convention on Human Rights may limit the use of draconian state powers and force more appropriate ‘due processes’, it does little to help define the range of public health powers, or focus on what are and what are not essential public health functions.

The only area that I would have liked to see Gostin address which he has not is that of legislative approaches to international public health threats. The focus of the book is solely on the US. This is a pity, since Gostin has considerable international experience and is clearly a thoughtful commentator. And although international law and health regulations at present offer little in the way of public health protections it would have been interesting to hear how Gostin sees the increasingly obvious tensions between sovereign states, international agencies, and global public health threats, and how some of these might be resolved under law.

It is the intention of the publishers to produce a Reader in Public Health, Law, and Ethics alongside this book. In the meantime with a copy of this book in one hand and a copy of Frank Grad’s Public Health Law Manual (which addresses in detail the complexities of legal doctrine) in the other, the sometimes opaque mist which shrouds much of public health law in the US lifts. I urge all public health policy-makers to read it and reflect upon it. Public health law has for too long been neglected. And many of our laws and practices reflect this.

Richard Coker

London School of Hygiene & Tropical Medicine

Ronald King, Budgeting Entitlements: The Politics of Food Stamps, Georgetown University Press, 2000, price $65.00 clothbound, 272 pp.

This book provides a blend of traditional program history and rational choice theory. The focus is the U.S. food stamp program, but the book also touches on welfare reforms, macro level budget constraints, and other agricultural programs besides food stamps. King offers an insightful look at the politics and budgeting of a specific entitlement program in the United States.

The book focuses on food stamps because the program has operated under different financing structures and thereby offers a natural experiment; he
demonstrates how these different methods of financing have affected the food stamp program over time. After examining in detail how the food stamp program operated under budgetary caps, King concludes they didn’t limit the costs of the program. The argument is sensitive not only to the politics that generated each change in financing structure, but also to the reactions of various institutional actors to each funding approach. The book thus adds substantially to our understanding of unintended consequences, of action and reaction over time in what eventually becomes a predictable sequence.

One of the especially attractive features of this book is its emphasis on symbolic politics. The author calls attention to the circumstances in which politicians take stands that are extreme, polarizing, and sometimes ideological, rather than compromising, bipartisan, and aimed at specific legislative changes or improvements. He predicts, based on the dominance of Democrats or Republicans in the House, Senate, and White House and based on the funding structure of the food stamp program at the time, whether decision makers will try to make real changes or take symbolic stances.

King notes that symbolic stances have consequences. They sometimes influence future positions, boxing in politicians to the positions they have taken. Moreover, radical attacks on a program can make future program cuts or even termination more likely, not because the charges are accurate, but because they frame the issues in the press and in the public mind. Symbolic attacks on the food stamp program created the impression that there was great waste in the program and that this waste could be and should be eliminated, and hence that the program could be pared back without hurting any truly needy individuals. Tightening up program administration was not likely to affect outlays particularly, but rhetorical attacks on the program framed the policy debate and encouraged particular reforms.

The rational choice model the author employs emphasizes the incentives of various actors, in the bureaucracy, in the budget office, and in Congress intentionally to distort predictions of cost. King shows that such underestimates actually occurred, forcing the administration and Congress to adopt supplemental appropriations to make up the shortfall during the year. Because of repeated supplemental appropriations, the food stamp program looked as if its spending was out of control. A more accurate initial estimate of cost would have eliminated or reduced the need for supplementals, creating more of an image of predictability and stability in program spending. The appearance that spending was out of control fed into the demand for spending caps. The size and frequency of supplementals was affected by politics as well as by the economy, a point that was obvious only after it was stated.

The rational choice theory that underlies the analysis not only emphasizes incentives to distort, it also pays attention to what King calls reversion points, the outcomes that are made most likely by the structure and political environment if no action is taken other than symbolic ranting. King carefully draws the implications of the incentives built into different structures of funding that have marked the food stamp program over its history. Based on these incentives, the author predicts when no action will be taken as well as when changes will be made. King’s model works because it not only links structure to outcome in a convincing way, but also contextualizes the relationship by examining political configurations, such as a Democratic White House and
Republican Congress (or vice versa) and major agreements to rebalance the budget.

King’s use of theory is deft. Though he describes his methodology as rigorous, some may take issue with his use of that term. The presentation is rigorous in the sense that there are at least semiformal hypotheses derived from the literature that structure the argument; it is rigorous also in the sense that each theme is developed in detail and supported with a carload of evidence. It is not rigorous in the sense of narrowly quantifiable, nor in the sense of being systematically tested. There are, for example, no standards given for the rejection of a hypothesis, nor are many alternative or rival hypotheses developed and ruled out. Instead, the theory frames the argument, giving it direction and depth. The data are generally consistent with the hypotheses, which King modifies only slightly after he has examined program history.

A careful reading of *Budgeting Entitlements* leaves the reader with many avenues to explore. King glosses over the issue of how similar food stamps are to other programs that are offered as entitlements. Do all entitlements share some political characteristics because of the structure of their funding? Are tax expenditures, which are often in the form of entitlements, the same as food stamps or social security? Are income support programs alike politically? If so, social security and welfare should be alike, but somehow readers are likely to reject this suggestion. The structure of funding is not likely to provide the whole answer, even when contextualized. Politics, in the sense of battles over the framing of issues, still matters, strategies still matter, and as King does imply, the personality and values and interests of the president matter as well. The number of people who receive a particular entitlement and the perception of their worthiness matters. The costs of the program may prove to be a relatively minor factor, and be distorted, so that political attention is focused on smaller programs that have weaker bases in public legitimacy or that are anathema to one political group or another.

King puzzles over how food stamps got themselves excluded from welfare reform, and remained tied to food and agriculture programs instead, but he doesn’t theorize about the outcome. The result suggests the importance of framing, the definition of food stamps as dealing with hunger and the public belief that it is right to feed the hungry. One possible conclusion is that dollars that can be spent only on food are not so problematic as dollars that can be spent on gambling, or drink, or rent. The degree to which dollars are effectively earmarked for particular popularly acceptable purposes is relevant to a program’s political support. King’s nearly exclusive focus on whether a program is an entitlement or capped prevents him from exploring this second aspect of the structure of program funding.

The Agriculture committees in Congress ultimately came to the defense of food stamps, in part because the food stamp program represented the urban–rural coalition that helped the Agriculture committees continue various kinds of crop supports and agricultural subsidies. King doesn’t theorize about this part of the outcome either. To the author’s credit, however, the story he presents is richly enough detailed to suggest these additional questions and to provide the reader with at least some preliminary answers. I found myself continuing to think about this book well after I had finished reading it.

The book is well written and suitable for a variety of audiences. Decision
makers and their staff members and policy analysts in the agencies will find the policy advice useful; political scientists will find its rational choice framework comfortable and its insights on symbolic politics suggestive; budgeteers will find the discussion of discretionary, mandatory, and capped finding structures and top down versus bottom up controls enlightening. Students in several fields will find the program history useful as an example of how a particular welfare type program works and how eligibility for such programs is determined. It is probably too detailed for most undergraduate classes but would be a fine stimulus for discussion at the graduate level.

Irene Rubin

*Northern Illinois University*