

LECTURE CROISÉE

Leaving Our “Comfort Zones” to Measure and Evaluate Austerity?

Christopher Hood, Ruth Dixon (2015)

A Government that Worked Better and Cost Less? Evaluating Three Decades of Reform and Change in UK Central Government

Oxford, Oxford University Press

Christopher Hood, Rozana Himaz (2017)

A Century of Fiscal Squeeze Politics: 100 Years of Austerity, Politics, and Bureaucracy in Britain

Oxford, Oxford University Press

In a recent keynote speech at the Third International Conference on Public Policy, Christopher Hood called for “austerity” researchers to go beyond their “comfort zones” in their respective disciplines in order to gain new insights and challenge some unquestioned beliefs about austerity. He highlighted the difficulties of defining austerity empirically and the consequences that the choice of a specific definition of austerity would have for the assessment of political, social, and economic outcomes. To deal with these problems, Hood argued for a dialogue between economists, political scientists, and public administration scholars, which must be informed by a

“consilience approach” to empirical research, meaning: “putting together different strands of evidence and seeing if they point in the same direction” (p. 16)¹.

This *lecture croisée* seeks to assess how well Hood and his co-authors have managed to live up to the goal of going beyond disciplinary and methodological “comfort zones,” what insights can be gained from such exercises, and what shortcomings remain to be addressed. To do so, I am looking at Hood’s two most recent co-authored books: *A Government that Worked Better and Cost Less?*² which evaluates the effects of new public management (NPM) reforms in the UK over the last three decades, as well as *A Century of Fiscal Squeeze Politics*³, which describes and compares phases of “fiscal squeeze” – Hood’s take on austerity – implemented by different UK governments since 1900 and their political effects. “Fiscal squeezes” describe policies that entail substantial effort by governments to increase revenues and/or restrain spending, imposing losses on specific constituencies in either absolute or relative terms.

1. D. Heald, C. Hood (2014), « The Politics of Fiscal Squeeze Putting the Politics of Fiscal Squeeze into Perspective », in C. Hood, D. Heald, R. Himaz (eds), *When the Party's Over. The Politics of Fiscal Squeeze in Perspective*, Oxford, Oxford University Press, p. 3-25.
2. C. Hood, R. Dixon (2015), *A Government that Worked Better and Cost Less? Evaluating Three Decades of Reform and Change in UK Central Government*, Oxford, Oxford University Press.
3. C. Hood, R. Himaz (2017), *A Century of Fiscal Squeeze Politics: 100 Years of Austerity, Politics, and Bureaucracy in Britain*, Oxford, Oxford University Press.

While seemingly treating different subjects, both books tackle the same kind of questions: How can we measure reform efforts that contain some sort of (monetary) constraint and restraint on institutions and individuals? And how can we evaluate the (long-term) effects of such reforms on different political, economic, and social outcomes? In a nutshell, I argue that *A Government that Worked Better and Cost Less?* and *A Century of Fiscal Squeeze Politics* can partially live up to Hood's recent call for more political scientists, public administration scholars, and economists going beyond their disciplinary "comfort zones". They do so, however, less in a theoretical sense than in a methodological and empirical one.

Both books benefit from a particularly rich collection of empirical material – on many occasions gathering and reconstructing data in a way that has not been accessible so far and which allows for several new insights. Hood and Dixon's book on the British bureaucracy does so by bringing together disparate government-produced data sources, while Hood and Himaz's book on austerity cleverly links quantitative data with a more qualitative approach in tracing the evolution of reforms and their consequences. Unfortunately, to go beyond our "comfort zones" should not only mean to use a different set of methodological tools, but also to seriously engage with the theoretical frameworks of different disciplines. To be sure, Hood and Dixon's analysis of NPM reforms uses the benchmarks of their data-savvy proponents in a smart fashion to critically evaluate their outcomes, and Hood and Himaz's study of fiscal squeeze episodes provides a welcome mix of quantitative and qualitative analysis. But the data-driven approaches come at the cost of a lack of serious engagement with the theoretical foundations that are typically

associated with different disciplines and with the causal assumptions that underlie these approaches.

In order to gain better insights into the actual content of each book, the following two sections present, in chronological order of publication, a concise summary of the main arguments and findings of each book as well as a critical evaluation of its potential shortcomings and their significance for the broader literature. A subsequent final section summarizes the overall findings and will pick up on the main point of critique addressed in the paragraph above. It also provides some suggestions for future research on austerity.

Confronting NPM reforms with their own indicators

The premise of Christopher Hood and Ruth Dixon's book *A Government that Worked Better and Cost Less? Evaluating Three Decades of Reform and Change in UK Central Government* is both simple and powerful: evaluating the claim of NPM reforms to deliver "better" government outcomes with fewer resources. These reforms were supposed to bring business efficiency to government by means of corporatization, the use of performance indicators, new financial frameworks, outsourcing, and performance-related pay. Managerialism aimed at making public services more responsive and accountable; digitization was seen as key to speeding up bureaucratic processes; and "spin-doctoring" set out to erase the "negativity bias" of voters and the media towards government. And as the NPM movement in the UK "presented itself as a hard-headed, business-minded, cost-conscious, and data-driven approach to government makeover" (p.15) with a fondness for traceable quantitative indicators and measures, Hood and Dixon claim

that the actual outcomes of bureaucracy reforms should be confronted with the movement's own standards: juxtaposing "received claims or interpretations with systematic quantitative evidence from the past three decades" (p. 15).

As Hood and Dixon show in the first part of the book, it is surprisingly difficult to confront NPM reforms with their own performance indicators, since accounting standards, reporting conventions, and indicators often change frequently and equally radically, making it difficult or even "impossible to make before-and-after comparisons" (p. 45). Following a remarkable coding exercise and drawing on a rich base of interviews, they tackle the main task of the book: overcoming the discontinuities in the available data through a meticulous approach to data standardization and triangulation over time, and subsequently evaluating whether government works better and costs less than it has over the course of the last three decades.

To understand the evolution of costs, the authors perform analyses of the running or administration costs as well as the pay bill for public servants for the public administration of the UK as a whole and for specific departments of it, such as the tax collection authorities. They find that NPM reforms are "associated with a substantial rise, not a fall, in running costs over the twenty years from 1980 to 2000" (p. 76). They equally show that the pay bill for public sector employees has remained roughly the same over the period of investigation, even if the overall staff number was lowered by one-third, often achieved through outsourcing. For tax collection authorities, the authors find limited evidence that their cost-to-yield ratio for revenue generation has improved over the period of analysis; they do show, however, that most of these

efficiency gains are "due to revenues rising faster than costs rather than to absolute falls in real costs" (p. 96). Hood and Dixon convincingly conclude that government costs – depending on the metrics analyzed – more or roughly the same as it did three decades ago. They rule out, however, that costs have actually been reduced over the evaluated time period – a significant blow to many proponents of NPM reforms.

To investigate the performance aspect of public administration, they use data on complaints filed with parliamentary or other ombudsmen, as well as judicial reviews, to trace the evolution of perceived unfairness, inconsistency, or "sloppy" administration of bureaucratic practices. A rich discussion shows why these indicators seem particularly useful in evaluating the performance of the bureaucracy – for example, by counteracting the potential influence of a societally-driven, increasingly critical public towards government and public administration. The authors show, similarly to the question of costs, that the performance of public administration did not improve over the last three decades. As in the case of the costs depending on the utilized indicators, quality rather stayed the same or even worsened.

In the final part of the book, Hood and Dixon try to provide some explanations for the identified stagnation, or even worsening – in terms of both costs and performance – of the British bureaucracy over time. While the authors can convincingly show that some of the central promises made by advocates of NPM – such as lower costs and better performance – have not materialized, their empirical material and analysis has, however, only limited power in ruling out the possibility that other factors were mediating the observed outcomes. To address these shortcomings, they discuss a number of plausible explanations,

accounting for potential problems in available data, insufficient implementation of NPM reforms, socio-demographic changes, or entrenched interests. They conclude by suggesting that broader changes in the socio-demographic and societal context seem to be the most plausible explanations for why reforms did not lead to the promised effects.

Hood and Dixon's analysis of the evolution of the running costs and performance of the UK central government surely constitutes a textbook example of how to use diverse and discontinuous sets of empirical materials to shine a light on an important puzzle. The structure of the analysis is embedded in an easily comprehensible logical chain. Whenever questions arise, the following section sets out to answer them, guiding the reader smoothly through the rich empirics. The book equally excels with its subtle line of argumentation, skillfully dissecting contextual factors from the data whenever possible and providing a well-balanced analysis that does not overestimate its causal leverage.

However, *A Government that Worked Better and Cost Less?* also comes with a few potential shortcomings. First, while the authors stress the role of digitization and spin-doctoring – along with managerial reforms – in bringing about lower costs and better performance, they do not end up devoting much attention to the first two of these elements in the course of the book.

Second, the empirical material presented also seems to lack some additional but probably available indicators, particularly on the performance dimension, as digitization surely brought about some improvements for citizens by allowing them to communicate more easily with the administration and handle documents digitally.

The authors argue that they want to avoid looking at specific sectors and would prefer instead to see the larger picture, but sometimes they do exactly what they sought to avoid – for example, when they look at the running costs of the tax collection authorities or disaggregate the different categories of complaints made to the ombudsmen.

Third, the approach of using data against data, using indicators that were often produced through NPM reform to show the lack of promised outcomes, may be an ingenious move, but it also entails potentially serious pitfalls. The authors do not forget about this, but in the actual analysis, the available data is not questioned in a profound manner. Because the existing data has often been created for the specific purposes of proponents of NPM reforms, it might have little to say about other consequences that advocates of business efficiency might do want to play down, such as the well-being of public service employees.

Finally, while Hood and Dixon look at some of the potential wider consequences of NPM reforms, such as their effect on procedural rules, institutional memory, and “spin-doctoring”, some crucial aspects seem to remain undiscovered – maybe due to difficulties in quantifying their impact. As the authors themselves indicate, many of their interviewees strongly subscribed to a view of “heading into chaos” (p. 158). This, however, does not seem to be supported by the available data.

Notwithstanding these caveats, Hood and Dixon's book on the UK's public administration opens up many avenues for additional research that could draw on their robust findings of a lack of lowered costs or improved performance to address the

question of why NPM did not have the effects it was supposed to bring about.

Measuring and evaluating fiscal squeeze politics across time

In their 2017 book *A Century of Fiscal Squeeze Politics: 100 Years of Austerity, Politics, and Bureaucracy in Britain*, Christopher Hood and Rozana Himaz set out to fill three important gaps that research on austerity has, in their view, so far neglected. First, they argue that there is a lack of in-depth research on austerity over prolonged periods of time, proposing a country case study on the UK covering more than a century. Second, the authors point out the existing division between econometric and qualitative works as well as a lack of research that attempts to provide an integrated and critical study of both quantitative and qualitative data material. Finally, “by looking at fiscal squeeze both in terms of reported outcomes and of qualitative analysis of loss, cost and effort”, they set out “to solve a puzzle in the literature about apparently erratic voter ‘punishment’ of governments that impose fiscal squeezes” (p. v).

As coined in the title of the book, Hood and Himaz speak about “fiscal squeeze” rather than austerity: “By fiscal squeeze we mean a type of ‘austerity’ policy that takes the form of substantial effort and activity by governments to impose absolute or relative losses on at least some people by increasing revenue, restraining spending, or a mixture of the two” (p. 6). The authors apply this to “recorded changes in spending and revenue both in absolute (constant-price) terms and relative to... GDP” (p. 15), distinguishing between “hard” and “soft” squeezes. They justify this choice by pointing out how conventional austerity measures – in particular, changes in public debt

– are not necessarily suitable for analyzing episodes of actual fiscal effort. Over the period of investigation, they identify a series of eighteen fiscal squeezes, where, however, “about half of the fiscal squeeze episodes were not associated with fiscal consolidation” (p. 37). By looking at the changes in the coded fiscal squeezes over time, they discern several patterns: The duration of spending squeezes switched from short and sharp to long and shallow (what they refer to as “surgery without anesthetics” and the “boiling frogs” approach); the occurrence of “hard” revenue squeezes decreased over time; and profiles of revenue squeezes in the use of income and expenditure taxes and social security contributions changed to an equal degree.

In the main empirical part of their book, Hood and Himaz assemble the individual fiscal squeezes into eight larger episodes, following broader developments such as the stagflation of the 1970s or the turn towards neoliberalism during the 1980s. The authors embed each of these episodes in a larger context by providing political and economic background information. They then give a description of the main events that led to the specific fiscal squeezes and discuss the type of fiscal squeeze, based on its concrete policy prescriptions. The authors subsequently assess the imposed costs on citizens, the political costs for incumbents to push through these squeezes and their accompanying attempts to avoid or delegate blame, the effort exerted by the state to develop the implemented measures, as well as the electoral consequences of each fiscal squeeze. Given the scope of their endeavor and the multitude of fiscal squeezes analyzed, each of the eight larger episodes is necessarily painted in a rather impressionistic manner, nevertheless revealing numerous insights

for austerity scholars, who have so far mainly worked on more recent phases of austerity.

In their conclusion, Hood and Himaz try to discern patterns from the more qualitative evidence they have gathered and show how the “fiscal squeeze game change[d] over time” (p. 208). They highlight the diversity of triggers for fiscal squeeze efforts over the last century, such as wars, balance-of-payment crises, negotiations with outside lenders, as well as tax cut objectives. In terms of the “techniques” of fiscal squeezes, Hood and Himaz find an increase in the use of so-called “stealth taxing,” with the gradual growth of less visible and more diffuse taxes and charges; reforms that affect long-term distributional outcomes, such as increases in the retirement age; or switches in spending-relevant indices, such as inflation indices. Looking at strategies of blame avoidance and delegation, the authors show how blame was shared during exceptional times such as war and deep economic recession, and how the design of fiscal squeezes measures was delegated to (semi-)independent committees, particularly in the early periods. They point out how important levers for macroeconomic policy-making, such as macroeconomic forecasting, were outsourced in the last two decades, and how there has been an increasing use of “bear trap” tactics since the 1990s, leaving incoming governments to deal with spending constraints or new taxes inherited from the preceding government. One of the key insights of Hood and Himaz’s book is surely the realization that the extent of economic losses imposed on citizens is not always the determining factor for the defeat of incumbents, but is mediated by the accompanying economic and political circumstances, as well as the

concrete strategies and type of fiscal squeeze.

Hood and Himaz’s program for the book sets out to provide new insights on a substantial number of issues, squeezed into a bit more than 200 very dense pages – a project that often succeeds in its ambition but whose research design also faces substantial constraints in terms of the feasible depth of analysis for each fiscal squeeze episode. Overall, the authors provide a rich empirical discussion of the background, triggers, and fiscal, political and economic consequences of each of the fiscal squeezes. Their definition of fiscal squeeze as opposed to more conventional definitions of austerity – which often look at outcomes at the public deficit or debt levels – gives a fresh point of view to the empirical measurement of austerity, and is surely well worth consideration for empirically oriented scholars. More broadly, the insights into more historical episodes of fiscal squeezes help us rethink some taken-for-granted truths that arise when we look only at the more recent implementation of austerity measures; thus, their study definitely adds to the existing literature.

While providing many interesting insights and qualifications to the current knowledge on austerity, Hood and Himaz’s single-case study approach also has some shortcomings that should be addressed as well.

First, while the analysis does a good job of showing how strongly fiscal squeezes have varied over a century, nevertheless, the concept of fiscal squeezes potentially meshes together very different developments that would not be considered to constitute “real” austerity measures in the terms of recent discussions. The identified fiscal squeezes of the 1950s and 1960s might

merely constitute “technical” squeezes, without much practical relevance if incomes for individuals and revenues for enterprises were growing strongly at the same time. And the less sharp and more prolonged spending squeezes identified in the more recent episodes might just as well be a consequence of changes in wage developments for the broader population – taking a form of “privatized” austerity due to wage restraint, for example – but such additional factors unfortunately do not constitute part of the analysis.

Second, at least since the 1980s, austerity has often been considered to be an ideological force driving fiscal squeeze measures. The role of dominant economic ideologies in explaining the varying patterns of enacted fiscal squeezes, however, is treated only in a superficial manner. Rather than taking into account broader shifts in the thinking on fiscal policy-making across time (as Mark Blyth⁴ or Wolfgang Streeck⁵ have done, for example), the analysis remains very much on the level of concrete political conflict in each of the fiscal squeeze episodes. On the one hand, this may often be a useful contextualization, but on the other, it might not go far enough toward enabling us to understand some of the broader patterns in the authors’ findings, as the political and economic field seems rather static.

And third, the international context of each of the fiscal squeezes discussed in the book is analyzed only in rather marginal terms. A big leverage point of cross-country comparative studies of fiscal squeezes is that they allow us to see how actors in different countries react to a common shock and discern important differences and

similarities in their implementation of austerity measures. It remains an open question whether one can really compare a revenue squeeze in the 1920s with a spending squeeze in the 2010s, particularly when overall taxation levels, the range of public services, and economic development have changed dramatically in the intervening period.

On the whole, Hood and Himaz’s book on fiscal squeeze politics in the UK over the last century is helpful in making scholars reflect on the changing nature of austerity across time and provides interesting insights into the politics of the implementation and consequences of fiscal squeezes. In the end, however, it is a victim to some degree of its own ambition to cover a century of fiscal squeeze politics, having to face a trade-off between the number of analyzed fiscal squeezes and the depth of their analysis, especially in theoretical terms.

Summary and suggestions for future research

The indisputable contribution of the two books by Hood and his co-authors to the literature is the meticulous work that went into gathering, standardizing, and analyzing disparate data sources and types – in one case for more than three decades and in the other for over a century. Both books focus very much on the empirical material, using a multitude of rather descriptive evidence to draw some very convincing and important conclusions from the facts presented. The authors often let the data do the talking, and they use comparatively little theory in telling their stories.

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4. M. Blyth (2002), *Great Transformations: Economic Ideas and Institutional Change in the Twentieth Century*, Cambridge, Cambridge University Press ; M. Blyth (2013), *Austerity. The History of a Dangerous Idea*, Oxford, Oxford University Press.
 5. W. Streeck (2014), *Buying Time: The Delayed Crisis of Democratic Capitalism*, New York (N. Y.), Verso.

Hood and his co-authors also show how different definitions of new public management and austerity reforms actually affect the analysis of observed outcomes of such policies. In the case of the UK bureaucracy, for example, it remains continuously unclear whether reforms were accompanied by increases in costs and declines in performance, since this depends on the utilized indicators. Similarly, in the case of austerity, the authors can show that their fiscal squeeze definition differs from other ones; however, they do not provide insights into what consequences this would have for the actual findings.

While the largely empirically guided approach taken by Hood and his co-authors ensures that theoretical claims do not overstate the actual empirical relevance of a phenomenon or development, the focus on empirical material also leads to a notable absence of theory, which is the major weakness of both works. This is surely due in part to the type of research questions asked, which leave some challenging questions about causal relationships for subsequent research to address. But at the same time, this clearly constitutes a gap, since the reader would also like to go beyond some admittedly plausible suggestions about factors influencing various developments. The focus of the two short book reviews above on methodological and empirical issues is actually a consequence of the fact that there is very little theory to engage with. And while Hood recently highlighted the importance of going beyond “comfort zones” to gain new insights and tackle unquestioned beliefs,

both books only do so to a limited degree. Engagement with multiple types of sources, methodologies, and empirical analysis surely constitutes an advance for research on austerity, but by staying so close to the actual empirical material, the authors sacrifice the broader perspective and fail to present the theoretical assumptions of the different disciplines studying austerity in a satisfactory manner. Some of the empirical findings might even blur some of the most important and pressing questions on austerity rather than bringing them into focus. The UK austerity reforms following the Great Recession might not have been the most radical ones in comparison to the larger history of the country, but this could be an unhelpful finding, as these reforms arguably happened under radically different political, economic, and societal conditions.

Future research that seeks to do the sometimes painstaking boundary work of crossing and linking the different disciplines that analyze austerity definitely needs to devote more attention to these disciplines' respective theories and the contradictions between them. It should engage more forcefully with the causal mechanisms that follow from these different traditions. The two most recent books by Hood and his co-authors might be a good starting point for this endeavor, even if they remain incomplete themselves. They have provided rich empirical foundations upon which subsequent research can build.

Andreas Eisl

Sciences Po, MaxPo et CEE
MPIfG (Cologne)
andreas.eisl@sciencespo.fr