

BOOK REVIEWS

Herbert Obinger, Stephan Leibfried and Francis G. Castles (eds.), *Federalism and the Welfare State. New World and European Experiences*, Cambridge, Cambridge University Press, 2005, xvi + 363 pp., ISBN-13: 978-0-521-61184-8 (paperback)

Federalism and the welfare state have too often lived separate lives. Broadly speaking, the territorial politics literature has tended to neglect the social dimension, while research on welfare has taken the centralised nation-state for granted. This book addresses this thematic dichotomy by studying six long-standing democratic federations within the welfare capitalism of the so-called 'New World' (Australia, Canada, and the United States of America) and the 'Old Continent' (Austria, Germany, Switzerland). In the chapters dealing with the case studies, the various contributors carry out in-depth examinations which provide the reader not only with rigorous analytical information but with sound interpretations. Numerous issues are raised in this book, which pioneers the study of federal institutional arrangements and social policy making within the broader field of study concerning territoriality and welfare.

Despite commonalities, such as having written constitutions or constitutional courts acting as institutional arbitrators, the six federations show notable differences and peculiarities when it comes to the specific arrangements of their welfare states. They are grouped by the editors into two main clusters: the Germanic and the Anglo-Saxon. These 'families of nations' almost correspond to the Corporatist and Liberal welfare regimes, although in-group variations are by no means small. An overriding search for academic parsimony impels the editors to propose a simple binary distinction between 'inter-state' and 'intra-state' forms of federalism, which corresponds to the already well-researched and well-established terminology concerning the 'dual' and 'co-operative' federal variants. Confusion between 'inter' and 'intra' may arise as the term 'state' is used imprecisely: at times it refers to the intermediate level of government (sub-national states, cantons, *länder* or provinces), whereas in other instances it concerns the polity as a whole.

In order to set conceptual assumptions and premises, the editors review public choice and institutionalist theories. The use of middle-range theories of such schools of thought serves to identify contextual factors to sustain, or otherwise, a range of hypotheses under discussion. This exercise is also meant to provide the epistemological tools for discussing the main argument proposed in the book, namely that federalism does not affect welfare states uniformly across time and space.

The various tested hypotheses challenge both theoretical axioms and quantitative findings put forward by mainstream welfare theorists and researchers on fiscal federalism. Until now, a considerable number of misunderstandings and normative commonplaces have pointed to the incompatibility between territorial disparities and citizens' social entitlements. But the editors rightly point out that the 'trade-off' between social peace and the degree of diversity may be less severe than is generally assumed. Furthermore, federal arrangements offer a means of providing flexible solutions to regional problems.

On reform dynamics, Frank Castles and John Uhr indicate that the Australian case stands as a classic example of a federal state showing resistance to rapid change, whether this transformation aims at constructing an enhanced welfare state or at reducing the existing one. Keith Banting identifies three distinctive modes of governing different social policies: classical federalism (when programmes are run solely by one tier of government, either central or meso); shared-cost federalism (when the central level contributes financially to the running of provincial/regional policies); and joint-decision federalism (when agreement by both tiers of government is required prior policy implementation). In the case of Canada, Banting suggests that the liberal and social-democratic versions of Canadian welfare may be moving further apart. Analysing US federalism, Kenneth Finegold underlines the development by which programmes for older people tend to cluster toward the central-federal locus of social policy decision-making, while 'safety net' programmes for the poor are increasingly provided by the states. Finegold also notes that state participation in central-federal social programmes has led to the modernisation of state administrations and their professionalisation in relation to welfare provision.

Herbert Obinger insists that federalism in Austria was not an impediment to welfare state expansion. As in most of the decentralised and federal-like systems in the world (amounting to some 40 per cent of the world's population according to the estimates made in 1991 by Daniel Elazar), the proliferation of elections in Austria and the interest of sub-national mesogovernments in increasing spending have acted as buffers against a radical rollback of the welfare state. The setting-up of a contributory system of social protection in Bismarckian Germany can be regarded as an example of a bypass structure which allocated both welfare resources and management to para-fiscal institutions. Such arrangements have crystallised in an encompassing system, which is a virtual state beyond a state. Philip Manow underscores the fact that the recent welfare cost containment in Germany has mainly affected the tax-financed share of social spending, which in the past has been frequently subsidised by the contribution financed share. In their analysis of Switzerland, Herbert Obinger, Klaus Armingeon, Giuliano Bonoli and Fabio Bertozzi illustrate very convincingly how the complex institutional arrangements of federalism and direct democracy have increased policy stability.

In addition to adopting an explicit historical institutionalist perspective, the editors conclude that ideological preferences play a major role in the composition of

the structures for welfare provision in plural and decentralised states. Likewise, they claim that local innovation not only spreads new policies at the meso level ('horizontal diffusion'), but may produce 'spillovers' too, with bottom-up effects on policy innovation at the federal-central level ('pacemaker effect'). This book can be read with profit not only by students of federalism and the welfare state, but by anyone interested in the wider themes of both the territorial dimension of power and the social development of our advanced democracies.

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Nicola McEwen and Luis Moreno (eds.), *The Territorial Politics of Welfare*, London and New York, Routledge (ECPR Studies in European Political Science), 2005, xxv + 252 pp., ISBN 041-534-8595

Starting from the general statement that the relationship between the welfare state and territoriality is under-theorised and under-examined, the editors of this book invited fourteen international scholars to investigate the linkages between welfare state and territorial politics from a comparative perspective. The volume that resulted from this international collaboration is very intriguing and a good complement to a recent volume edited by Stephan Leibfried, Francis Castles and myself on the relationship between federalism and the welfare state (reviewed above). Whereas our book focused on six OECD countries with a long federalist tradition, this book examines the relationship between social policy and territorial politics primarily in countries where decentralisation/federalisation is of a more recent vintage. Given the increasing number of unravelling nation states and the process of European integration over the last two decades, the nexus between territorial politics and the welfare state is an important and even explosive topic that has hitherto been under-researched, at least in comparative perspective.

The book begins with a theoretical chapter written by the editors which provides an excellent overview of the multi-dimensional and reciprocal relationship between territorial politics and the welfare state. They address three broad themes: (i) the relationship between welfare state consolidation and nation-building; (ii) the impact of welfare devolution and welfare state retrenchment on inter-regional solidarity and national unity; and (iii) welfare-state building in the European multi-level system and the corresponding repercussions on territorial politics. The seven country reports examine empirically at least one of the first two aforementioned topics. The case studies cover Italy, the UK, Spain, France, Belgium, Germany and Canada, while the contribution by Kaisa Lähdenmäki-Smith offers a cross-national comparison of recent developments in the central-local relationship in Nordic welfare states. All the