While the history is interesting, I was often made uncomfortable by the author's certainties. In the first place, I did not find the case for the benefits of short term saving in an institution – when compared with under the mattress on one hand, and credit cards on the other – as self-evident. There is no evidence recorded in the book that those who have access to savings banks are better able to deal with life crises. I have no evidence to the contrary, but imagine that many financial crises require insurance to cover larger losses than can be provided for by small savings accounts. At most savings shift a few months expenditure backwards or forwards but must yield insignificant interest returns. They are trivial in comparison with the years of income required for a home mortgage or retirement savings – or with loss of a parent at a young age, or of a home. While consumer credit can be shamefully exploitative in terms of excessive charges and high pressured sales to the gullible, it does not seem obvious to me that the remedy is more savings. Perhaps people should be encouraged to shop around more, and market conduct regulation should be more assertive. I am certainly not persuaded by suggestions that higher levels of U.S. consumption over more than a century have been unsustainably fuelled by credit.

Another cause of discomfort (by no means limited to this book) is the breathless use of aggregate debt numbers to imply profligacy, recklessness and economic disaster. My understanding (although I come to doubt myself from time to time given the strength of the alarmism) is that every debt has a saving counterpart, and so advocates of saving must necessarily be advocates of someone else borrowing.

There are people (and governments) that borrow too much and then default – with disruptive financial impact for themselves and those who lend to them. They could do with help in the form of suitable financial instruments and appropriate education, both as to the costs of excessive debt and the benefits of moderation. But I also know people who appear to save more than they reasonably need, and who seem to be driven to do so by the moralistic 'promotion of savings' that the author appears to approve. Does one not also have to ask whether the preaching lays a burden on some of the latter, while creating a perverse reaction in some of the former?

I am also a little uncertain of the impact of central governments extracting savings from local economies. Perhaps the U.S. local banks did their communities a service in resisting centralised post office savings – even if they did default from time to time.

Finally, I am struck by the similarity between urging the need for short term savings and that used in Australia to increase compulsory long term savings in the form or superannuation. Might one suspect that the more enthusiastic the exponents, the weaker would be the argument?

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Financing Long Term Care in Europe. Joan Costa-Font and Christophe Courbage, eds. Palgrave McMillan, 2012, ISBN 978-0-230-24946-2, 341 pages.
doi:10.1017/S1474747213000127

Long term care (LTC) expenditure is expected to rise driven by an ageing population. The European Commission's projections suggest that public LTC expenditure as a proportion of GDP will more than double in most European countries by 2060. Governments are concerned about the rise in the need for LTC and the increases in public expenditure that might follow.

LTC refers to care needed by individuals with reduced physical or mental capacity who cannot perform basic activities such as bathing and dressing. It is provided by informal carers (spouse, child) and formal carers (care at home and institutions, i.e. residential and nursing homes). Elderly people are the main recipients of LTC, in particular the very old.

There are significant variations among OECD countries in the funding arrangements and the proportion of expenditure that is public, which varies from negligible amounts to up to 3.6% of GDP (in 2008). Nordic countries spend between 1.7–3.6% of GDP and LTC is mainly publicly financed from local and central income taxation. Southern and Eastern European countries are typically characterised by low levels of expenditure and tend to rely more on informal care. Countries like the Netherlands and Germany are characterised by a public insurance model where participation is mandatory and funding is based on employment-based contributions.

There is a wealth of differences in LTC policies and financing arrangements across Europe. These create a unique opportunity to learn from each other's experience. Governments need to know which policies are successful and which ones are not, and need to be aware of new emerging models. Finding detailed information about different countries' experiences is hampered by language and other barriers. Detailed and accessible information on different financing models is critically needed. Here lies one of the key contributions of the volume.

This book contains a detailed account of LTC financing arrangements in several European countries. It includes separate chapters on the Netherlands, France, England, Southwest Europe (Italy, Portugal and Spain), Austria, Germany, Central Eastern Europe, the Scandinavian countries, Switzerland and Belgium. These are written by leading national experts. If you are not familiar with different models for financing LTC, you will quickly become an expert after reading and digesting this book. If you are an expert in your own country, you will be able to compare policies and arrangements with many others. Moreover, only by acquiring detailed knowledge on different financing models can we appreciate what lies behind major differences in quantitative figures on spending and provision of formal and informal care across European countries.

Before launching yourself into each country's details, reading the introductory chapters will help you to identify some critical issues. The chapter by Colombo provides a typology of public coverage across OECD countries and allows identification of the key financing models. Private insurance is a potential option to fund LTC but this is poorly developed in many countries (often referred to as an 'LTC insurance puzzle'). Many observers wonder why this is the case. You will find the answer in the chapter by Pestiau and Ponthiere. The role of housing wealth as a form of self-insurance, the public-private mix and its interface with informal care, and insurance markets from an industry perspective are also explored in the introductory chapters.

In summary, this is a very valuable book (which I was asked to review after I had already purchased it). It will help stimulate debate and policy development across an international audience. It will make you wonder for a long time: which one is the correct financing model?

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Guaranteed to Fail: Fannie Mae, Freddie Mac and the Debacle of Mortgage Finance. V. V. Acharya, M. Richardson, S. van Nieuwerburgh and L. J. White. Princeton University Press, 2011, ISBN 978-0-691-15078-9, 222 pages. doi:10.1017/S1474747213000139

The title of this book clearly is aptly suited to the contents, being an informative insight and constructive analysis about the challenging circumstances which led to the financial collapse of these U.S. government guaranteed organisations in the unprecedented global financial crisis. The financial instrument is predominantly mortgage-backed securities that were adversely affected by the collapse of lending in the U.S. housing market, which in turn also closed banks such as Lehman Brothers. The effect on the wider housing market is well documented.