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Book Reviews

Carolyn Hughes Tuohy, *Accidental Logics: The Dynamics of Change in the Health Care Arena in the United States, Britain and Canada*, New York: Oxford University Press pp. X + 312. ISBN 0–19–512821–4 $45

Path dependency has become one of the catch phrases of our time, invoked to explain why the past constrains and shapes present policy options and therefore why different countries have different policy trajectories. But all too often it becomes a way of stating the obvious: history matters. So it does: without an understanding of history, there can be no understanding of current policy issues. But why does it matter? Here path dependency theory, in the generalised form that it is usually invoked, offers little help. What we have lacked is a conceptual framework for systematically describing, analysing and comparing paths. For how can we study policymaking comparatively if we do not know what it is about the path taken by country A that sets it moving in a different direction from that of country B or why some policy options are on offer in country A but not in country B.

The great merit of Carolyn Tuohy's book is that it addresses this issue. The puzzle she sets herself is why the United States, Britain and Canada pursued such different strategies – with such different outcomes – in the reform of health care systems in the 1990s. In the US, there was President Clinton's failure to bring the US into line with the rest of the world by introducing a comprehensive health care system, followed by radical changes in health care finance and organisation brought about by the dynamics of the system itself. In Britain, there was Mrs. Thatcher's introduction of a mimic market into the NHS, a seemingly radical change that was however attenuated in its implementation and, in its watered down form, largely accepted by the successor Labour Government. In Canada there was nothing. Marginal changes apart, there was no attempt at fundamental reform, even though Canada spends more on health care than most countries, and far more than Britain.

One possible explanation might lie in the constitutional arrangements of the three countries, as the institutionalists would have it. Only contrast the ability of British government to drive through legislation with the number of veto points in the American legislative process or the problems posed by relations between the Federal Government and the provinces in Canada. But this, Tuohy persuasively argues, is at best a partial explanation. It does not explain, for example, why the United States succeeded in developing a more generous pension system based on social insurance principles than Britain or Canada, while being such a conspicuous laggard in health care.

The answer must therefore lie as much in the nature of the health care systems – the particular paths carved out over time – as in the wider political and constitutional environment. Each system, Tuohy argues, has its own logic.

Hence the book's title: the logic is accidental because it depends on a historical throw of the dice, the way in which the system was designed by the founding fathers. In each case, the opportunity for radical reform was created extraneously to the health care system, reflecting a particular conjuncture of social, economic and political events. In each case, there was no historical necessity or inevitability about that design. In Britain, there might easily have been a much more loosely articulated system than the highly centralised NHS. In the United States, the pioneers pushing Medicare and Medicaid might have been more ambitious in their design.

But once set on their path, the systems created their own dynamics. Each of the three countries represents an 'ideal model', Tuohy argues, shaping the conduct of those in the health policy arena, seen as rational actors. These models reflect the logic of the institutional structure of decisionmaking. In Britain that logic reflects hierarchic control by the State. In the United States it reflects dependence on the market. In Canada it reflects the State's dependence on the collegial institutions of the medical profession. In practice, of course, there is a mix. In Britain (as in Canada) the State depends on the collegial authority of the medical profession to give legitimacy to rationing. Even in the United States, there is an element of hierarchic control, otherwise known as regulation. However, Tuohy shows that the three models – however much they may overlap at the edges – accurately distinguish between the three cases.

But they do more than distinguish descriptively. They also have explanatory power. They allow Tuohy to give a convincing account of what actually happened. They help to explain why Britain alone among the three pushed through radical reforms (the power of State hierarchy) but was then forced to modify them (the power of collegial institutions). Similarly, they explain why the Canadian government chose to look to the medical profession and its collegial power to help in restraining expenditure rather than seeking to reform the system. Finally, they explain why it is the market, rather than government, which has dramatically transformed health care in the US.

This is a ground-breaking book. It combines conceptual rigour with formidable empirical scholarship. It is elegantly written and subtly argued: a brief review cannot convey the full sophistication of the analysis. Not only is it an indispensable read for health policy specialists. But its intellectually tough approach should interest anyone in the business of analysing public policy comparatively, whether or not they are concerned about health policy.

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Bart Snels, *Politics in the Dutch Economy: The Economics of Institutional Interaction,* Aldershot: Ashgate, 1999. 176 pp. £35.00. ISBN 1840148136

Ideas are again in fashion in the social sciences. We have reached a time when mechanistic models of the world are seen to be too simple and unable to appreciate the human potential for creativity. As applied to our efforts to understand political economy, it amounts to a shift from the view that people are rational automatons, guided in their behavior by changing objective conditions. Instead, the new vision posits that notions of rationality are contingent on time and place, rendering moot the ability of mechanistic models to guide and explain, much less predict behavior.

The struggle to establish this alternative vision follows two parallel tracks. One track demands articulation of the basic assumptions and research issues central to this new approach. The other debunks the old vision and exposes the limitations of its claims. Bart Snels' book is a contribution to the second track. Using the Dutch economy as his case, he compares the usefulness of three perspectives from the old school and finds each wanting. What they miss, he concludes, is sensitivity to the fluidity of people's perceptions, which cause them to change the way they understand the world and change their behavior over time.

The three perspectives Snels compares are political business cycle theory, partisan theory, and institutional structure theory. Theories of the political business cycle originated in the United States, with the growth of public choice approaches to the study of public policy and the identification of a regular pattern in economic policy that seems to be triggered by the schedule of elections. Assuming that politicians are mainly interested in winning elections, and that voters are mainly concerned with their immediate economic situation, the theory asserts that politicians will manipulate economic performance to make voters feel good prior to an election. Partisan theory emphasizes the ideological orientation of political parties, and argues that once in office, parties of the left and right will pursue different economic policies. A government of the left is likely to emphasize Keynesian stimulus measures, a government of the right is likely to pursue deflationary monetary policy. The empirical evidence for partisan theory is stronger than for political business-cycle theory, yet both are rather inconclusive.

Institutional theory offers a third perspective. More contextualized than the others, it argues that economic policies are devised through the strategic interaction of important political actors. This approach is more firmly grounded in the European experience, particularly postwar corporatism. Corporatist institutions, which force governments to consult with organizations representing labor and capital, cause governments to consider the potential support or resistance labor might offer to the government's economic plans. Strategic considerations force all actors to adjust their perspectives based on their assessment of the preferences of other policy actors. Governments try to stay in power, and they have ideological preferences, but pragmatic considerations often prompt them to take decisions at odds with their ideology or electoral promises.

Applying the three models to the Netherlands, Snels argues that none adequately explains three decades of economic policy. The major problem with political business-cycle theory is that parliamentary government makes the Dutch electoral cycle irregular. More often than not, Dutch parliaments fail to survive a full electoral term. Because early elections cannot be predicted, governments cannot time their economic policies to exploit the election cycle. Partisan theory fails for a more surprising reason. It seems that all Dutch governments, regardless of partisan competition, act much the same on the public budget. In the Netherlands, even the left is no more likely than rightist governments to run budgets into a deficit.

This leaves us with institutional theory. Employing a narrative discussion of the economic policies of every Dutch government since 1973, Snels demonstrates how the nature of the governing coalition, the relative strength and preferences of labor and capital, and the international economic environment all goaded governments to adopt economic policies that accommodated diverse interests. Yet, as the narrative progresses, Snels discovers that even institutional theory is too mechanistic. Over the last two decades, the policy preferences of Dutch political actors have shifted. The left has abandoned Keynesian stimulus and the right is no longer solely concerned with containing inflation. This has produced a new consensus around economic policy, a consensus that paved the way for a previously unthinkable coalition between the left-wing Labor Party and the right-wing Liberals.

This new economic consensus has also contributed to an economic miracle in the Netherlands: growth in employment and productivity are stronger than elsewhere in Europe and the country has gained a lot of attention. Unlike most Dutch scholars, who have sought to cash in with claims that the Dutch "polder model" offers the answer to Europe's unemployment woes, Snels notes that the fragile consensus could be undone just as quickly as it was built.

If there is a problem with this book, it is a logical one. Taking a universal theory, such as political business cycle or partisan theory, and applying it to a single case is bound to result in the conclusion that the theory needs to be more specific to account for the single case. And, the utility of such a study of the Dutch case is rather suspect, because the Netherlands is one of the cases included in all the comparative applications of such theories. The Dutch case would be more interesting had it been left out of earlier studies, thereby offering an opportunity to expand the empirical scope of the theory. Instead, Snels' conclusion that institutional interaction theory works better for explaining a single country because it draws inference from analytic narrative rather than statistical significance, is unsurprising.

The book is a useful resource for anyone interested in a quick summary of Dutch political economy, or for a fairly good survey of the literature on political economy. It may have been more compelling had it gone beyond the task of debunking extant theories to articulate a new theoretical foundation for comparative political economy.

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