Making Social Spending Work. *By Peter H. Lindert*. New York: Cambridge University Press, 2021. 434 pp. Hardcover, $29.99. ISBN: 978-1-108-47816-8.
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Reviewed by Walter Paternesi Meloni

Hello, public, my old friend. I've come to ask for help again. That's how Simon and Garfunkel might address the recent turnabout in economic policy: after decades of retrenchment of the role of the state in the economy, with the resulting cutbacks to direct and indirect welfare provisions, public spending returned strongly to the agenda of governments worldwide to mitigate the dramatic effects of the pandemic-induced crisis. After *Growing Public*, a two-volume work that already supported public intervention in the economy, the latest book by Peter H. Lindert, titled *Making Social Spending Work*, takes many steps forward. It offers an all-encompassing and unmissable roundup of theoretical arguments, empirical evidence, and food for thought on how to spend for social purposes and collective well-being. The book is therefore a distinguished contribution to the literature on the relationship between welfare and growth in contemporary capitalisms, a flourishing field of inquiry that lies at the intersection of political economy and economic policy. While a rigorous work, its arguments are supported by easy-to-read data. At the same time, the language register is intentionally comprehensible, which ensures that the book is understandable to the nonspecialist audience.

The first part of the work (chapters 3 to 7) is devoted to a historical reconstruction of the roots and ascendency of the welfare state. Particular attention is paid to the introduction of safety nets for the neediest, and mass schooling. Here, the reader will probably be blindsided, as tax-financed poor relief and public education systems were introduced more recently than one might think. In the words of the author, "the world had only negligible social spending before 1800" (p. 11).

Then the book switches to evidence-based considerations and concerns. In my humble opinion, the book's main merit is that it debunks the view that public social spending causes economic slowdown. Without too many niceties, chapter 8 gives a clear answer to the opponents of social spending, as it offers evidence in contrast to the idea that public welfare policies impose constraints on growth. When found, "these negative relationships lack the strength to achieve conventional statistical significance" (p. 155). Chapter 9 explains why public social policies do not limit growth. In the author's view, stronger welfare systems act from the supply side of the economy by promoting productivity and participation. But there is more. Recent studies in economics that endorse a demand-side perspective testify to a better outcome in countries whose governments spend more, including on social policies, to combat the financial crisis economic slowdown and the ensuing increase in social inequalities. Indeed, the current age of capitalism features weaker institutions operating in the labor market, intensified globalization, and high levels of financialization—factors that may put pressure on low-income workers and households. Against this backdrop, countries that opted for (government-driven) compensation experienced lower disparities and unemployment; on the contrary, countries that reacted by retrenching the welfare state to promote a business-friendly environment performed the worst in terms of income equality (Jonathan D. Ostry, Prakash Loungani, and Davide Furceri, "Neoliberalism: Oversold?," *Finance and Development* [2016]; Pasquale Tridico and Walter Paternesi Meloni, "Economic Growth, Welfare Models and Inequality in the Context of Globalisation," *Economic and Labour Relations Review* [2018]). The takeaway message of this strand of literature, consistent with Lindert's insights in this valuable work, is that public social spending may effectively provide support to the "losers" within modern capitalisms.

The third part of the book analyzes country-specific cases. The reader will notice an outstanding effort in data collecting and surveying (not confined to "major" OECD countries). According to the author, there are different ways to spend and to spend "well," as signaled by the iconic title of the book. There is no objection to the fact that there are ways and means of spending; government welfare provision can be destined for different agents or social classes and can be based on various eligibility criteria. However, a debatable point emerges. Between the lines, one may perceive that Lindert is making a policy suggestion for redistributing welfare spending intergenerationally, that is, from the elderly to education programs for young people (chapter 12 rotates around this point). Certainly, the importance of a public, universal, and adequately financed education system must not be underestimated. However, it should be borne in mind that retirement does not represent a huge financial privilege in some countries. To give an idea, one out of five U.K. pensioners (two million people in 2021) receive an income that is not sufficient to overcome the poverty threshold; in Italy, it is one out of three; and in Greece it is 45 percent of pensioners. This can happen for different reasons. First, most pension systems have been reformed and are now contribution based. Combined with precarious employment and out-of-job periods, that can lead to low pension incomes. Second, the retirement age has been significantly raised in many countries—a sacrifice on the altar of fiscal sustainability. Third, pension incomes may be not subject to full inflation

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indexing, an element that erodes purchasing power. Yet the idea of redistributing welfare spending from the old to the young can be overcome if we accept expanding the pie (i.e., increasing the resources devoted to social spending) by increasing the progressivity of the taxation system (that is, taxing more high incomes and/or extra profits) or public deficits. Notably, in the European context, this second option would be at odds with the founding treaties. Nonetheless, the recent crisis teaches us that public stimulus has been much broader in economies not subject to budget constraint. Just compare "Next Generation EU" with the Biden package. A similar reasoning can apply to the alleged economic consequences of immigration: no tensions would exist if governments implemented universal welfare provision and safety nets combined with publicly financed full employment policies (probably the most immediate way to reduce inequality).

The following bottom line emerges from the reading: although there are different types of capitalism, market-generated inequalities can still be faced and mitigated through effective policies and institutions. That underlines the power of public-provided welfare and makes the book a must-read for scholars and citizens interested in a process of equitable growth.

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The Oxford Handbook of Luxury Business. *Edited by Pierre-Yves Donzé, Véronique Pouillard,* and *Joanne Roberts*. Oxford: Oxford University Press, 2022. xii + 634 pp. Illustrations, figures, index. Hardback, $150.00. ISBN: 978-0-19-093222-0.

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Reviewed by Nicholas Alexander

Published as part of the Oxford Handbook series, this volume provides a broad overview of the business of luxury. It brings together the thoughts of three editors and a further thirty-two contributors.

The editors, in their introductory chapter, establish the parameters of the work. From the perspective of academic research, they highlight