Book Review

Sebők, Miklós. Hatalom szabályok nélkül Kormány és törvényhozás viszonya pénzügyi válság idején (Power without Rules – Executive and Legislative Relations in Times of Financial Crisis). Budapest: Új Mandátum. 2014. 147 pages. ISBN 978-963-287-076-2.

Can policy uncertainty caused by external shocks lead to technocratic delegation and consensus seeking through a different, non-partisan political rationality? How do crisis-driven policy solutions influence long-term institutional development? *Power without Rules* is an important addition to these puzzles which could also serve as a base for further research in this area. Sebők's work directly relates to the key questions of technocratic autonomy and democratic deficit that are particularly relevant today as the institutional effects of the recent economic crisis are being assessed.

Although it presents several results in a mid-length format, the book still feels focused as all parts fit into an overarching structure. The first two of the seven chapters introduce the topic, the approach and the structure of the book. *Power without Rules* employs a meso-level, positive, non-formal approach. Its main contribution is the development of the theory of crisis-driven delegation that builds upon new institutionalism but is interdisciplinary in nature, due to its use of exogenous economic factors. The primary purpose of the book is not testing hypotheses, but developing a positive theoretical framework and finding the corresponding methodological solutions for its empirical testing.

Chapter three contains the theoretical base and conclusions. This begins with a comprehensive assessment of the sources, limits and levels of technocratic autonomy. The author then discusses the dual effects of crisis led delegation: in times of crisis not only does the socio-economic importance of the state increase, so do the influence and available resources of non-elected technocrats within the state. The volume builds upon the delegation theory of Epstein and O'Halloran (1999) and its model of technocratic autonomy. The key theoretical contribution here is an inversion of that theory, where instead of political uncertainty, policy uncertainty is emphasized in explaining delegation. This *theory of crisis-driven delegation* claims that policy uncertainty can change within a given policy area due to external factors, such as financial crises, and that these changes promote technocratic delegation. It also assumes the self-interested behaviour of political actors, but claims that policy considerations might overrule traditional party rationality.

The author derives three hypotheses from his theory, all of which describe politicians' behaviour. During a policy crisis politicians prefer trustee institutions over the adoption of detailed legal solutions (*organisational preference hypothesis*), ex ante restrictions take a back-seat in favour of ex post control (*control preference hypothesis*) and decision makers exhibit political consensus seeking, the degree of which depends on policy uncertainty and the stakes involved (*policy dominance hypothesis*).

Chapter four develops the methodology of studying delegation in crises. The author operationalises the dimensions of delegation in order to make the hypotheses empirically assessable, then conceptualises and operationalises the explanatory factors: policy crises, policy uncertainty, political uncertainty (through the concept of effective veto points) and political consensus. This section is intended to be a base for future empirical studies, possibly with a large-N approach involving several countries, time frames or policy areas. The methodology is developed convincingly as it openly deals with alternatives and explains its choices in a reflexive manner. The empirical research in the book focuses on the area of financial policy, but the framework could be applied to other areas.

After laying the theoretical and methodological foundation, in chapter five the author employs different empirical approaches to test the hypotheses with varying depth and external validity. All included studies utilise the political uncertainty based explanation of Epstein and O'Halloran (1999) as a control, comparing its explanatory power to that of crisis-driven delegation. Although its primary goal is not assessing the hypotheses, the case selection allows it to claim some external validity without relying on a large sample or having to quantify all relevant aspects. This inventive use of qualitative approaches is one of the main strengths of the book.

The first empirical pillar aims at the mechanisms of crisis led delegation, while taking crisis as a constant factor. It centres on seven historically and institutionally similar West European countries in the first months of the 2008 financial crisis. The analysis draws on the legal measures of crisis management and the behaviour of parliamentary elites. This first study concludes by affirming that the changes were consistent with the three hypotheses, while clearly being driven by the exogenous shock from the financial system.

The second empirical sub-chapter is a study of Hungary during the 2006-2010 electoral cycle. By carefully defining the temporal boundaries of the financial shocks, this broader timespan allows for a comparison of exceptional and regular modes of politics. The analysis utilises indicators for the discretionary power of government both before and during parliamentary decisions, the lengths of pieces of legislation and parliamentary consensus. Comparing the two time frames by these measures, the change in politicians' behaviour brought about by the crisis corresponds to the predictions of the organisational preference, control preference and policy dominance hypotheses. The author also emphasises the important role of the Parliament in crisis management. Contrary to the popular notion of the government dominating legislation, 'blank cheque' delegation was fairly limited, and interest groups within the governing parties have proven to possess major influence.

The third empirical pillar consists of three case studies: the establishment of the US Federal Reserve, the evolution of financial policy institutions in the US from 1913 to 2008 and the Japanese financial crisis of 1992-2003. The case of the FED serves as a peek into the black box of crisis policy. Drawing on this, the author extends the causal chain of policy development proposed by Baumgartner et al. (2011). The second case shows the explanatory potential of the theory of crisis-driven delegation over longer time spans. The final analysis of the Japanese financial crisis offers a geographical and cultural extension of the base study. The author concludes that in this case the theory of crisis-driven delegation offers a more convincing explanation for the timing, scope and forms of delegation than the competing theories.

Chapter six provides an enumeration of the book's theoretical, methodological and empirical results. Beyond that Sebők integrates his theory into the broader framework of the punctuated equilibrium theory of institutional development. This allows for better explanations of the interplay between short and long-term institutional development. According to the author, delegation associated with crises can prove to be more permanent than temporary, possibly acting as a critical juncture in institutional development. In times of crises the equilibrium might differ from the prediction of Epstein and O'Halloran's (1999) model, and this state can crystallise leading to different long-term equilibrium paths.

The final chapter lists possible implications of this research for broader contexts: those designing institutions should be aware of their resilience in times of crisis, as temporary provisions often prove to be more permanent than expected. This leads us back to one of the theoretical starting-points of *Power without Rules*: the difference between politics in its normal and exceptional states. Delegation tips the balance between democratic and non-democratic elements in a polity. The resulting dominance of the technocratic side leads to a democratic and trust deficit in society. To combat the overgrowth of technocratic autonomy, guarantees of temporariness, so called sunset institutions could prove to be essential.

This concise and clear-cut book contributes a lot to institutional development scholarship while reaching its research goals, as well as providing additional considerations for future inquiry. A bit more explanation would have been beneficial when assessing theoretical implications and the way this theory fits into institutional development in general. Also, as the text follows the research design very closely, it offers little additional context or story. This is not so much a flaw as the author's editorial decision, yet it limits the book's audience to those in related scientific fields, although it would be interesting for a broader public, too.

I would recommend this volume to three specific groups of readers. Due to the focus on financial crises, scholars of financial policy may be especially interested in the empirical studies. Teachers or students of political science will find this book an excellent example of good research design and execution, because of its exemplary structure, reflexivity and successful utilisation of a range of empirical approaches. Professionals researching the effects of crises on political institutions, and specifically scholars of delegation and technocratic autonomy will make great use of Sebők's theoretical and methodological groundwork.

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