René Geissler, Gerhard Hammerschmid, and Christian Raffer (Eds.): *Local Public Finance: An International Comparative Regulatory Perspective*

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This short review will begin with the same sentence as the book that will be presented here: although local governments are key providers of public services and infrastructure across Europe, they ultimately depend on funding from higher levels of government. This is another reason for the need for quality regulation of their management. The book "Local public finance: An international comparative regulatory perspective", edited by R. Geissler, G.Hammerschmid and C. Raffer, presents the reader with an overview and comparison of different local governments' regulatory practices across Europe. An excellent combination of theory and practice offered by this book will be presented in the lines below. The aim of this book review is to briefly go through the most interesting parts of the book and encourage others to read it.

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eld of public finance and numerous relevant publications. Hammerschmid is a professor of public and financial management at the Hertie School and director of the School's Centre for Digital Governance, also cooperating with the private sector as well as on institutional projects of the EU. Raffer is a local government finance expert at the German Institute of Urban Affairs, author of numerous publications in national and international journals.

In addition to the introductory chapter, the book consists of eighteen chapters divided into three parts. As the editors state in the introductory part, the aim is to introduce the basic ideas and concepts of fiscal regulation, present new evidence from country cases and comparative analyses, and suggest policy guidance based on the lessons learned from best practice. Following the introductory chapter written by the editors, the subsequent chapters are written by Turley, Raffer and McNena; Geissler and Wegrich; Ebinger and Geissler; Raffer and Ponce; Bronić, Jerinić, Klun, Ott and Rakar; Nemec, Klimovský, Šagát, Plaček and Sedmihradská; De Widt, Thorogood and Llewelyn; Person, Ebinger and Zabler; Roesel; Adriaan Allers and Gordon de Natris; Person; Person and Geissler; Wortmann and Geissler; Kolliniati, Stolzenberg and Hlepas; Padovani and Du Boys; Heichlinger, Bosse and Padovani; Saliterer, Korac, Barbera and Steccolini; Trasberg, Raffer and Moisio.

The first part of the book deals with the concepts of regulation. It consists of nine chapters in which, in addition to the theoretical part, a practical overview is given on the example of selected countries. Special attention is also paid to fiscal rules, which are becoming increasingly important in the EU, especially after the European sovereign debt crisis, which the authors themselves point out. It is interesting, e.g., to look at the types of fiscal rules and the degree of their application in the EU, which is shown, among other things, in this chapter. Three types of fiscal rules are highlighted, and their application is monitored: the budget balance rule, which exists in almost all EU countries but its definition, coverage and application vary across member states, the borrowing and debt rule with a similar situation like the previously mentioned budget balance rule, and finally the expenditure rule, which is not commonly used.

Furthermore, attention is paid to the enforcement. According to the Cambridge English Dictionary, enforcement is the process of making people obey a law or rule. A compelling overview of enforcement styles across Europe is provided in Chapter 2, which can serve as an excellent incentive to the scientific community to further address this topic, on which, as the authors Geissler and Wegrich themselves point out, very little research has been done with regard to tools and practices.

An interesting comparison between Croatia, Serbia and Slovenia has been provided in Chapter 5. Those countries have a similar historical background as well as some other characteristics and can therefore serve for a good analysis. The comparison shows the positive impact of EU membership on the fiscal system. Namely, there are significant differences between Croatia and Slovenia, which are members of the EU, compared to Serbia, which has yet to become one. The authors themselves point out that EU accession improves the quality of public administration in general, being another precondition of sound fiscal regulation. However, the comparisons of Slovakia and the Czech Republic, England and the Netherlands, as well as Germany and Austria, which follow in the subsequent chapters, prove that membership in a supranational community is not the only success factor.

The second part on bailouts and insolvency runs through the next three practical chapters. One of the main concepts considered is fiscal decentralisation, a generally accepted phenomenon in the modern notion of public sector economics. However, the authors warn that it introduces the risk that subnational governments may act in a fiscally irresponsible manner in the belief that a higher tier of government will bail them out if they run into trouble. For this reason, the economic literature prescribes a strict no-bailout policy. But, as Adriaan Allers and Gordon de Natris state, the no-bailout rule is neither necessary nor sufficient. They pay special attention to the tools to prevent fiscal difficulties, highlighting "sufficient funding", "pressure for stakeholders", "fiscal rules", "supervision", "early intervention and costly bailout", and concluding that a credible no-bailout policy is difficult to maintain, but possible to design. Their attitude is quite optimistic in terms of how it is possible to design a system of fiscal regulation that prevents widespread, large-scale, recurring problems.

Bankruptcy and insolvency may arise as a result of the ability of local governments to borrow stemming from the aforementioned fiscal decentralisation. There are two ways to deal with local debt crises: to implement bailouts, and to provide procedures for restructuring the local debt. Along with them, the insolvency regime, also a topic covered in this chapter, is seen as a means to maintain the fiscal discipline of municipalities through the disciplining effect of capital markets. The author Person devotes a large part to the analysis of the existence of such a system in European countries. According to his findings, this is not a popular and represented method in Europe, where it is present in only three states, unlike the United States, where it is present in 27 states. He concludes that insolvency procedures should require fiscal adjustments that will be monitored and enforced by higher tiers of government to correct fiscal mismanagement and overcome structural budget problems. Of course, we must not forget that the local insolvency regime cannot compensate for an inadequate design of intergovernmental fiscal relations.

The third part on "Local public finance in the times of crisis" pays special attention to the recent global financial crisis and its effects on the finances of local governments. The first chapter highlights the impacts of the crisis on local governments in European countries. Wortmann and Geissler point out two types of impacts: direct ones, which are a direct consequence of the negative economic events, and indirect ones, which are a consequence of certain measures taken by the central government.

A special section analyses Italy as an example of the influence of national adoptions in the fiscal regulatory framework on local revenues and expenditures. Precisely because of the strong blow it suffered during the crisis, as well as the numerous changes to the institutional framework implemented by the central government, the authors Padovani and Du Boys chose Italy for their panel analysis.

Furthermore, financial resilience is addressed throughout, which Saliterer and her colleagues describe as the ability of local governments to anticipate, absorb and react to shocks affecting their finances and service delivery. In this context, the importance of internal capacities in identifying and managing the local government's vulnerabilities is emphasised.

Finally, the book deals with the local government tax structure, highlighting that: (1) the biggest tax source for European local governments are income taxes, which accounted for 58% of all taxes in 2018, while local property taxes only cover about one third of all local tax revenues; (2) the local government's taxation structure is sensitive to the business cycle; (3) the cyclicality of tax revenues calls for more stable and predictable tax bases.

In conclusion, several personal views of the author of these lines should be mentioned. This book is certainly a valuable work in the field of public sector economics and as such will find its readers. However, due to its concept, readers should primarily be sought in the professional public that is already interested in this topic, because, unfortunately, the author of this review is of the impression that the book's capacity to arouse interest in this area among others is weak. Also, it is difficult to shake the impression and not notice that it is a proceeding much rather than a book *per se*. The main shortcoming is manifested in the insufficient coherence of the chapters, which sometimes seem almost completely unrelated. Simply put, the "red thread" that would connect everything together and thus form a meaningful whole is missing. Of course, the stated attitudes and impressions do not in any way want to diminish the value of this work as well as the topicality of the issues covered.