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Governing austerity in the UK: Anticipatory fiscal consolidation as a variety of austerity governance

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Abstract: This article analyses the logic underpinning austerity governance in the UK. Taking the UK's relative fiscal and monetary policy autonomy as a starting point, the article unpacks and analyses how the UK has charted a successful course between the imperatives of social stability and market credibility. At the heart of this 'success' is a fundamentally anticipatory governing logic. Fiscal consolidation was justified and enacted as a pre-emptive and preventative intervention in order to anticipate an indebted and thus disciplined future. Contrary to conventional wisdom, then, UK austerity is not necessarily just geared towards swingeing spending cuts, because the direction of travel towards an imagined debt- and deficit-free future is just as important as reaching the destination itself under the logic of anticipatory fiscal consolidation.

Keywords: austerity, fiscal consolidation, crisis, anticipation

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Introduction

The UK's fiscal deficit should have been eliminated by 2015. In the emergency budget of June 2010, the recently formed Conservative-Liberal Democratic Coalition government announced a mandate to reduce the deficit within five-years. It soon became clear that this mandate would not be met within the timeframe and that the Coalition government missed all of the related borrowing targets they set within their five-year term. Yet rather than representing an accumulation of moments in which fiscal consolidation was deemed a failure on its own terms – which was conceivable given the importance that was placed upon swift deficit reduction – these missed targets barely made the political agenda or dented the legitimacy of austerity. Why is this so? Rather than a policy failure or aberration, I wish to suggest somewhat paradoxically that this target-missing phenomenon is paradigmatic of the logic underpinning austerity governance in the UK. Contrary to conventional wisdom, UK austerity is not necessarily just geared towards swingeing spending cuts in order to swiftly reduce the budget deficit. The direction of travel *towards* an imagined debt- and deficit-free future is as important as reaching that destination itself. Focussing on period spanning the Coalition government of 2010-15 in particular, the contribution of this article is twofold: to analyse and unpick this fundamentally *anticipatory* governing logic, and to characterise and thus differentiate this type of austerity governance via an initial comparative perspective.

Fiscal deficit reduction involves a trade-off between competing imperatives to generate market credibility and to ensure social stability. The way in which states navigate this trade-off depends upon the context in which they find themselves. For instance, a number of periphery Eurozone states have had little autonomy in enacting fiscal consolidation. This has undoubtedly impacted how these states have navigated this trade-off. The way in which austerity is governed in this context can be characterised as *disciplinary fiscal consolidation*: disciplined by bond markets, disciplined by their monetary institutions, and disciplined by the terms of their international and supranational bailouts. The UK is different. Although somewhat counterintuitive, and distinct from the experiences of periphery Eurozone states, soaring debts and widening deficits were of little immediate threat to the UK. Rather it has had relative fiscal and monetary autonomy to enact fiscal consolidation free of direct and external discipline.

The UK has made use of this relative autonomy to successfully navigate this trade-off. It is too early at the time of writing (July 2016) to judge whether Brexit and the newly installed Theresa May government will follow this lead or chart an alternative course in relation to fiscal consolidation. Yet, in the preceding period, overseen by Prime Minister David Cameron and Chancellor George Osborne between 2010 and 2016, this trade-off was navigated with relative 'success'. While economic growth was far from stellar, the UK avoided a much-feted 'double dip' recession and consistently posted figures positively comparable with similar economies. Meanwhile, 10-year government bond yields barely touched 3 per cent, which helped lower the cost of borrowing. Importantly, the British people never turned against austerity. The majority of that period was marked by public acquiescence to the 'debt crisis' narrative of austerity (Stanley, 2014). Public opinion polls show that the amount of people who believed austerity is good for the economy *increased* between 2011 and 2015, while a majority consistently claimed that cutting spending to reduce the government's deficit is necessary (YouGov, 2015). For sure, swathes of anti-austerity protests have been organised and some commentators have attempted to explain the Brexit vote through austerity – but this needs to be placed within context. Social stability remains largely intact and a legitimation crisis is yet to emerge. How to make sense of this?

This article unpacks and analyses the anticipatory fiscal consolidation governing logic that helped make this outcome possible. Building on existing conceptual frameworks of 'anticipatory action' (Anderson, 2010) and of crisis (Hay, 1996), I show how austerity has been governed through a logic of anticipatory action as an intervention in an emergency situation of crisis. True to the etymology of crisis, the here and now was presented as a 'turning point' (Gamble, 2009, pp. 38-39) whereby this vague and indeterminate indebted future may be avoided via a 'decisive intervention' (Hay, 1996). Through enacting crisis, debts and deficits were positioned as a threat to the continued existence of this form of democratic capitalism – especially the imperatives of capital accumulation and economic growth, personal economic freedoms, and even the moral order of things in society. However, the nature of the threat from debt is vague, indeterminate and, most importantly, *in the future*.

UK austerity governance is therefore necessarily anticipatory, and the associated governing forms prevent and preempt this indebted future by aiming to (i) stop the process of overspending before it reaches a point of existential irreversibility and (ii) initiate new processes of permanent and institutionalised fiscal responsibility. As an anticipatory intervention to crisis, austerity is presented to the people as the thrifty and hardworking means to the good life for both states and households alike and to markets as a credible commitment to sound finances. By introducing the majority of expenditure cuts in the 2010 budget while maintaining the continued announcement of austerity throughout the five years, social stability could be matched with market credibility.. Rather than living within means *per se*, the aim of UK austerity governance is to uphold a credible commitment to prevent and preempt an indebted future. In contrast to disciplinary fiscal consolidation, in which the threat of deficits and debts is already present, anticipatory fiscal consolidation can thus centre on maintaining the direction of travel towards a debt-free future without necessarily rushing or reaching the destination itself.

The article is divided into four sections. The first section begins by situating the article in the existing literature on the post-2008 turn to austerity. It unpicks the trade-off between social stability and market credibility that lies at the heart of austerity politics, and makes a number of observations about the variety of fiscal consolidation enacted in the Eurozone periphery in order to contextualise the UK's own logic. The second section outlines the two main sources of the anticipatory fiscal consolidation logic seen in the UK: neo-classical economic theory, and certain trends within contemporary liberal governing rationalities. The third and fourth sections analyse anticipatory fiscal consolidation in the UK by demonstrating how austerity has been enacted as a form of anticipatory action that intervenes to reverse a crisis. The fourth section in particular addresses two puzzles regarding the slow introduction of expenditure cuts and the consistent failure to meet deficit-reduction targets.

Varieties of austerity governance

There is a vast political economy literature on post-2008 austerity programmes in Europe. Broadly speaking, this literature has typically explored how the idea of fiscal consolidation emerged, whether the idea works, and – if so – how and when it should be applied (e.g. Blyth, 2013; Boyer, 2012; Dellepiane-Avellaneda, 2015; Hay, 2013; Konzelmann, 2014). In a similar vein, scholars have also analysed how austerity measures have been justified and contested at various levels of analysis (e.g. Ban, 2015; Clarke & Newman, 2012;

Huke, Clua-Losada, & Bailey, 2015; Levitas, 2012; Stanley, 2014). Political economists have also explained how and why fiscal deficits emerged and public debt swelled in the lead up to and fallout from the 2008 crisis (e.g. Dellepiane-Avellaneda & Hardiman, 2015; Streeck, 2014; Thompson, 2013).

This scholarship has been accompanied with a more regionally focussed literature that typically places fiscal consolidation in the context of the Euro crisis (Hall, 2012; Johnston, Hancké, & Pant, 2014; Macartney, 2013; Sandbeck & Schneider, 2014; Schmidt, 2014). Although closer inspection would inevitably reveal variation between the cases[1], there is nonetheless a set of shared dynamics evident in the austerity politics of the co-called periphery Eurozone states (i.e. Greece, Ireland, Italy, Portugal and Spain). First of all, institutional asymmetries in the Eurozone institutions exacerbated domestic economic and fiscal weaknesses (Hall, 2012; Johnston et al., 2014); the post-2008 economic downturn led to widened fiscal deficits and increased public debt. Without monetary autonomy due to the institutional design of the Eurozone, the periphery states had little option but to reassure bond markets through retrenchment, or otherwise continue to borrow at increasingly unsustainable levels. Rising bond yields provided elites with shared and relatively incontestable public evidence to build a consensus around a notion of the state in crisis. Their policy choices were further limited by the conditions attached to loans and bailouts from the Troika of the IMF, ECB and EC.

The UK, on the other hand, faced very little market pressure. Unlike the periphery states, the UK had both monetary and (limited) fiscal policy-making autonomy, with the latter ensured through low gilt yields that made debt financing cheap (Thompson, 2013, pp. 486-488). This also meant that British politicians did not have the same market-blaming technocratic justifications for austerity as those in the periphery had. This meant that while the UK's debt crisis was largely self-engineered (Hay, 2013) as a governable problem as part of a wider process of crisis management following the financial crisis (Langley, 2014), austerity has not actually been implemented as fast or in the form promised (Berry, 2016a; Green & Lavery, 2015; Tepe-Belfrage & Montgomerie, 2016).

These points of comparison are summarised in Table 1. While the UK's fiscal consolidation strategy was largely self-engineered and therefore confined in some ways to the space of the nation-state, those in the Eurozone were constituted via transnational relations of various forms. The Eurozone variety of austerity governance can therefore be characterised by the external imposition of fiscal consolidation and the wider lack of fiscal and monetary autonomy, i.e. *disciplinary fiscal consolidation.* The British variety of fiscal consolidation seen in can be characterised by a relative autonomy, which this article will characterise as *anticipatory fiscal consolidation.* To be clear, suggesting that the context in which the UK has introduced fiscal consolidation differs from the Eurozone experience is hardly a novel observation. Simply identifying a number of diverging characteristics does not take us very far in terms of understanding how austerity has actually been governed and how this context has been utilised (or not) by the state. What, then, is anticipatory fiscal consolidation? And what does it involve? This is the focus of this article.

Table 1. Case comparison		
	Eurozone periphery	**UK**
Transnational bailout	Yes	No
Sustained market pressure	Yes	No
Monetary policy autonomy	No	Yes
Fiscal policy autonomy	No	Partial
Variety of austerity governance	Disciplinary	Anticipatory

To start addressing this question, we need to consider the basic political trade-offs of fiscal consolidation. Both Wolfgang Streeck (2014, pp. 79-90) and Vivien Schmidt (2014) consider austerity politics to be centred on a trade-off between the interests and expectations of 'the markets' and 'the people' – although it is perhaps better termed as a trade off between social stability and market credibility. This requires a little unpacking.

States can finance themselves in many ways. Taxation, asset sales, and natural resource rents are all examples, as is borrowing by issuing bonds. Managing the expectations of bondholders and potential bondholders is a crucial part of state management. Generally, market participants use two shortcuts to assess states: (1) inflation, in which it is assumed will reduce the real value of bonds and therefore erode profit; and (2) budget deficits, in which it is assumed suggest governments may have difficulty in repaying debts and/or dampen growth in the long-term (Mosley, 2000). Conventional wisdom dictates that rising deficits cause concern among creditors regarding the security of their investment, therefore leading to a higher interest rate to offset risk – which can, in turn, lead to a 'self-reinforcing vicious cycle' whereby the cost of borrowing and the difficulty of deficit reduction rise in tandem (Konzelmann, 2014, p. 704). As well as bond markets, 'markets' can also refer to the nebulous and more general notion of private-sector, financial and business interests, whereby it is assumed that capital accumulation and growth can be encouraged by speaking to the low-tax, low-interest rate and low-inflation preferences that prevail.

The demand that states make credible commitments to balance the books is at odds with two basic democratic principles: (1) a political-ethical principle, whereby states are expected to be responsive to the needs and desires of citizens; and (2) a political-strategic principle, whereby politicians have clear incentives to pursue popular policies in order to secure votes. This latter principle is the more important for our purposes because '[t]he democratic political imperative is viewed as being at odds with the fiscal responsibility imperative' (Posner & Blöndal, 2012, p. 12). Posner and Blöndal (2012, pp. 25-31) suggest that these two imperatives can be successfully accommodated by engaging in the politics of blame-avoidance or by framing the need for fiscal consolidation in compelling terms. Since voters tend to remember the losses they received rather than the gains they were provided with, politicians must accompany fiscal consolidation with the politics of blame-avoidance in order to obfuscate the losses on citizens (Pierson, 1996, pp. 144-146). The social order can even be threatened if fiscal consolidation is severe enough.

Anticipatory fiscal consolidation is effectively geared towards managing this trade-off between social stability and market credibility in the context of monetary and fiscal policy autonomy. As a logic of governance, it has two sources: the first being the assumptions of neo-classical economics as particularly evident in the theory of 'expansionary fiscal consolidation'; and the second being a trend towards anticipatory action – a type of intervention that aims to preempt, prevent or prepare against threats to the imperatives of democratic capitalism – as a central rationality of contemporary liberal government. Each will be looked at in turn.

The logic of anticipatory fiscal consolidation

Despite Keynesian and other critical protests, the distinction between 'good austerity' and 'bad spending' is well-entrenched in histories of thinking about the economy (Blyth, 2013, p. 12). This entrenched sense of right and wrong is now articulated in technical accounts produced by economists, whereby conventional wisdom is augmented through the logic of science and therefore provided with an elevated epistemic status. The most famous idea in this respect is Reinhart and Rogoff's theory that a 90 per cent government debt-to-GDP threshold causes a systematic slowdown in economic growth. Despite being invoked by elites to justify fiscal consolidation, the theory was much maligned (e.g. Lysandrou, 2013) and was eventually discredited all together (Herndon, Ash, & Pollin, 2014).

Just as important is the idea of 'expansionary fiscal consolidation'. Blyth (2013, pp. 170-176), Konzelmann (2014, pp. 722-23), and Dellepiane-Avellaneda (2015) trace the development of economic theories that claim expenditure-focused fiscal consolidation may counterintiutively foster rather than hinder economic growth. The crux of the idea is that generating a credible deficit-reduction plan can effectively manage expectations. Invoking ideas of Ricardian equivalence, Robert Barro (1974, 1989) famously challenged the expansionary impact of fiscal deficits. Any expansionary effects of deficit-fuelled stimulus, he argued, would be cancelled out by expectations: market participants would curb their spending and instead save in anticipation of future tax increases to finance the government debt created through deficit-spending. The so-called 'Bocconi Boys' – a group of pro-austerity economists associated with Bocconi University, including the Harvard economist Alberto Alesina – extended this line of argument (Blyth, 2013, pp. 170-171). The general argument, developed over several decades, essentially claimed that expenditure-based fiscal consolidation will generate confidence among businesses, investors and consumers and that, by extension, reduced public spending would 'crowd in' a private sector-led recovery.

These seemingly arcane economic theories were filtered into principles of best practice articulated by key international institutions such as the IMF and OECD[2] (Dellepiane-Avellaneda, 2015, p. 6). For Posner and Blöndal (2012, p. 14), the 'foremost principle' of expansionary fiscal consolidation is in establishing or announcing a credible plan in order to manage the expectations of 'key economic and financial players'. This principle can be logically extended in different ways. For instance, since state action before 'a market crisis forces their hand' can ensure that governments safely navigate both the economic and political dangers of ever-expanding deficits (Posner & Blöndal, 2012, p. 17), fiscal consolidation is therefore perhaps best introduced in *anticipation* of market pressure rather than in reaction to it. Or, to expand the logic in a different way, since the mechanism of expansion involves generating confidence through a credible plan, the mere '*announcement* of a plan to reduce deficits and retire public debts' (Konzelmann, 2014, pp. 722-23, emphasis added) would be hypothetically effective at least in the short term.

The Conservative-led Coalition mirrored this best practice in introducing fiscal consolidation. Rather than wait until markets forced their hands (at least in respect to bond yields), the government acted pre-emptively in announcing and implementing fiscal consolidation. Although this process is analysed in detail in the next section, it is important to briefly draw out a few initial points here. It is for instance clear that Osborne and other leading Conservatives clearly alluded to the logic and rationale of expansionary fiscal consolidation and the need to manage future expectations when justifying austerity. In one speech, for instance, Osborne underlined the importance of 'expectations and confidence': 'a credible fiscal consolidation plan will have a positive impact [on consumption and investment, and hence growth] through greater certainty and confidence about the future' (Osborne, 2010awith emphasis added).

Managing expectations is a performative exercise, inasmuch that this governing strategy – influenced by the assumptions of Ricardian equivalence and rational expectations – often becomes both the means *and* ends of economic governance. This has been shown most clearly by the path-breaking scholarship on central banks and monetary policy, in which the likes of Holmes (2009) and Braun (2015) have demonstrated how communicative acts constitute the conditions for the formation and coordination of private sector expectations. 'Credibility' can therefore be enacted via a performative utterance. Draghi's promise to do whatever it takes to save the euro is a now famous instance of this (C. Holmes, 2014). The logic of anticipatory fiscal consolidation examined here can therefore be performative in, what MacKenzie (2006, p. 18) would call, an 'effective' way because the use of economic theory makes a difference. As Esposito (2013, p. 103) puts it, the concept of performativity usefully highlights 'the need to abandon the idea of an external observer observing the world (and speaking about the world), without being involved in its processes'.

The second source of anticipatory fiscal consolidation is a trend in the central rationality of contemporary liberal government to intervene in order to preempt, prevent or prepare against threats to liberal democracies. Ben Anderson (2010) characterises this as 'anticipatory action', and in doing so places this kind of intervention in the context of the evolving rationalities of liberal government. To briefly summarise, advanced liberal democracies are characterised by new forms of governmental power. Traditional forms of sovereign power over the territory of the state have been complemented with a biopolitical governing rationality, whereby the aim of state power is geared towards securing life in addition to securing sovereignty (Dillon, 2007, p. 43). Within this rationality, certain types of liberal life are valued and protected over others (Anderson, 2010, p. 782). The aim of liberal government is 'thus to create the conditions in which the entrepreneurial opportunities for wealth, well-being, and security, seemingly afforded by the vital and uncertain processes of population, can be realized' (Langley, 2014, pp. 22-23; see also Miller & Rose, 1990).

Anticipatory action is as a type of intervention imbued within these governing rationalities. It involves acting in advance of a future disaster that: (1) is potentially catastrophic, at least in respect to the capital accumulation, personal economic freedoms, and moral order of things that constitute British democratic capitalism; (2) has a vague, ambiguous or complex source; and (3) is imminent – perhaps even described in terms of a crisis – and therefore in need of 'decisive intervention' (Hay, 1996) to secure democratic capitalism (Anderson, 2010, pp. 779-780). In these situations, time can take strange forms whereby '[n]ot only is the present on the verge of disaster, but disaster is incubating within the present' (Anderson, 2010, p. 780). Intervention aims to therefore simultaneously steer the present away from the threshold of disaster and secure some sort of imagined future. Climate change and terrorism are two areas in which these forms of anticipatory action have been particularly researched (De Goede & Randalls, 2009).

Anderson divides anticipatory action into three parts: logics, styles, and practices. Before intervening into the present and acting upon the future (i.e. logics), the future needs to be 'disclosed and related to through statements about the future' (i.e. styles) and made present through various methods (i.e. practices) (Anderson, 2010, pp. 779-780). More specifically, *styles* refer to the ways in which the future is 'problematized'. While the most obvious examples can be found in modern technologies of risk and probability, the main style associated with anticipatory action is 'premediation' in which the future is disclosed and related to as 'a disruptive surprise'. In these instances, the future cannot be grasped through prediction or through statistics to analyse an archive of past events. Meanwhile, there are a number of *practices* that make the future present and knowable. For purposes of this article, there are two types of practice: (1) calculation, whereby numbers, statistics, and figures are used to make the future actionable through 'the numericalization of a reality to come' (Anderson, 2010, p. 784); and (2) imagination, whereby the future is imagined 'as if' they were real through 'forms of visualization (such as images, symbols, and metaphors) [and] forms of narrativization (such as stories)' (Anderson, 2010, p. 785). These styles and practices enable anticipatory action.

Anticipatory action has a number of different *logics* in which interventions are legitimised and enacted (Anderson, 2010, p. 788). The two most important for our purposes here are: (1) precaution, whereby future disaster is averted through stopping a process before a point of irreversibility; and (2) preemption, whereby future disaster is anticipated through initiating a new process. Precaution involves intervening in a situation that *could* be catastrophic before the tipping point for that potential and uncertain outcome is actually reached. There is therefore a constant trade-off in assessing the costs of a potentially disastrous future versus the various political and economic costs of immediate intervention. In contrast, preemption follows a logic in which a threat of danger is more indeterminate or is yet to properly emerge in a manner that engenders precautionary action. This logic involves acting to preempt a threat, and is therefore less 'parasitic' and more 'creative' than precautionary action. As Anderson explains, '[i]n relation to a present that is unbalanced by potential threats, preemptive logics work by unleashing transformative events in order to avoid a rupture' (Anderson, 2010, p. 790).

Although Anderson does not explore the relationship between crisis and anticipatory action, there are clear crossovers (Langley, 2014, pp. 4, 29). Building on existing work (especially Hay, 1996), crisis can be seen as a particular moment in time whereby the present is pregnant with the possibility of transformation; a turning point in which an imagined future is either prevented (a logic of precaution) or realised (a logic of prevention) through a 'decisive intervention'. As we will see, crisis is an important part of anticipatory fiscal consolidation in the UK.

Taken together, neo-classical economic theories and trends toward anticipating future threats are two major sources in the logic of anticipatory fiscal consolidation. By launching – or even just announcing – a credible expenditure-based fiscal consolidation plan, bond market pressure can be prevented and preempted while simultaneously signposting to investors and businesses that future tax rises are unlikely. The fiscal consolidation plan must be sufficiently high profile in order to be manage expectations and therefore generate credibility. This is both in regards to sufficiently convincing market participants about the direction of future state action, but also in demonstrating to market participants that there is sufficient political wherewithal to follow that path given contrasting political imperatives to maintain social order and electoral support. In order to be successful according to its internal logic, anticipatory fiscal consolidation requires *consistent and persistent high profile communication about the requirement for balancing the budget primarily through expenditure cuts before there is clear market pressure to do so.* Speaking to the market in this manner is at odds in speaking to the people, because it involves explicitly telling citizens what is coming. Conventional wisdom dictates that voters do not generally support those that are promising some sort of tax raising and expenditure cutting combination. This provides the central dilemma for those enacting anticipatory fiscal consolidation: how to 'successfully' govern while meeting the expectations of both the people and market when consolidation by stealth is no longer an option.

The remainder of the article explores this puzzle, with the next two sections outlining how anticipatory fiscal consolidation was enacted in the UK. The first outlines the practices that rendered the future present as a problem requiring intervention. This was done through the combination of calculations of a debt-riddled future through national accounting and through imagining what that debt-riddled future would mean for the moral order of economy and society. The second then outlines the precautionary and preemptive logics that these practices helped engender.

Making a crisis to anticipate an indeterminate threat

It is strange to think that the Conservative party pledged to 'support the [Labour] Government's spending plans' (Cameron, 2007) as recently as 2007. By 2008 their tune had changed. One of the key messages during this period was to 'balance the budget' and to 'put sound money first' so to move beyond and repair Labour's 'Age of Irresponsibility' (Osborne, 2008capitalisation in original). Instead of a focus on 'sharing the proceeds of growth', the importance of 'paying down the debt' emerges as the primary Conservative economic message (Cameron, 2009c). The change in tack occurred with a deterioration of the UK's fiscal position, whereby the budget deficit widened from 3 per cent of GDP in 2007 to 5 per cent in 2008. Although this widening is frequently explained to the bank bailouts, those interventions by the UK state were excluded from the budget balance sheet (Thompson, 2013, p. 474). Instead, the UK's fiscal deficit was the result of three factors: New Labour deficit-fuelled spending from 2002 onwards, a further 7 percent discretionary increase in public expenditure as a proportion of GDP from 2007-2010 (most of which was spent on health), and falling tax receipts (particularly from the financial industry, which halved between 2006 and 2009) (Thompson, 2013, pp. 474-475). This provided ammunition for elites to speak of a debt crisis.

However, a fiscal deficit makes a crisis not. Most observers would agree that a balanced budget is preferable, to be sure, but this does not mean that running a fiscal deficit is not an automatic prelude to a debt crisis. Instead, deficits are normally considered a problem when there is market pressure in the form of increasing interest rates. When this sends the cost of borrowing spiralling, the level of sovereign debt swells – which is usually assumed to eventually slow growth down. It is therefore reasonable to consider sustained market pressure as an emergency situation in which a credibility-enhancing intervention is required. This simply is not what happened in the UK. Interest rates remained low consistently low. With monetary policy autonomy, there is and was little danger that the UK would default on its debts. Indeed, gilt yields actually fell in the period following the global financial crisis (which some attribute to a 'flight to quality' as investors favoured low-risk assets). While there was little threat within the immediate present, there were dangers lurking in the future – which were brought to the fore through two sets of practices.

First, the future was problematised through practices of calculation. On the one hand, these practices were fairly simple and not necessarily systematised. When expenditures outstrip revenues, the state must borrow to bridge the gap; debt will indefinitely accumulate until the shortfall is eradicated. Yet on the other hand, more complex practices were required to properly problematise the future. For example, it was frequently observed that the UK was running a structural deficit, which, unlike a cyclical deficit, the push and pull of economic performance cannot account for. Yet a number of contingent assumptions about potential growth and spare capacity underpin this relatively simple conceptual distinction in practice (Thompson, 2013, pp. 474-475). Other practices of fiscal forecasting were used to demonstrate the future decline of the UK's fiscal position under present conditions – although it should be noted that these techniques are 'notoriously inaccurate, at best' (Langley, 2014, p. 155). After all, the March 2008 budget projected the UK to be running a budget *surplus* by 2012-3 (HM-Treasury 2008: 27). As Paul Langley shows (2014, p. 155), the UK state went further than this by using IMF research to quantify the exact problem with rising sovereign debt. The June 2010 emergency budget therefore argues that for 10 per cent increase in sovereign debt as a proportion of GDP will, among other results, lead to an annual 0.25 per cent reduction in economic growth (HM-Treasury, 2010a). This form of calculation would reach its nadir with the use of Reinhart and Rogoff's 90 per cent threshold theory (Osborne, 2011). These calculative practices effectively problematised the future by demonstrating how running a fiscal deficit was a long-term threat to British economic prosperity.

Second, imagining what this debt-riddled future would look like and what would it mean for the moral order of things also problematised the future. Indeed, a vague and encompassing concept of debt was the source of this problematisation, which was sometimes construed as the fault of all and sometimes the fault of the previous Labour government:

> '[Britain] borrowed and borrowed as if the party would never end. Banks did. Businesses did. Families did. And so did this government' (Osborne, 2008).

> 'We're in this mess because of too much debt - too much government debt; too much corporate debt; too much personal debt. This is Labour's Debt Crisis, and it becomes clearer all the time that the scale of Britain's debts puts us in a much weaker position than other countries' (Cameron, 2009b).

A central part of this narrative was the sense that past profligacies had to be corrected. For example, it is within this context that Labour 'bankrupted our country, [and] left a legacy of debts and cuts' (Cameron, 2010) and 'everybody knows that Labour's Debt Crisis means public spending cuts' (Cameron, 2009a). Correcting these past profligacies was essential for securing the future prosperity of the country. In late 2010 Osborne claimed that 'for the first time in our history, the nation's credit rating was at risk … For look at Ireland, and Greece, and Portugal, and you will see that the dangers have not passed' (Osborne, 2010b). This aspect of the debt crisis narrative was held together by, more than anything, popular wisdom about the requirement that debts are a bad thing that ought to be avoided.

A moral rather than economic logic underpins this debt crisis, as highlighted by consistent comparisons between the state and households in requiring to 'live within means'. For instance, it was claimed that Labour in effect 'borrowed and borrowed and borrowed on our nation's credit card' (Osborne, 2010d), but the Conservatives 'will make sure Britain starts 'living within our means' […] [t]his is what households up and down the country do' (Cameron, 2008). As many have pointed out by many, this comparison is fallacious and misleading (Konzelmann, 2014, p. 732). While critiquing this logic from a rational viewpoint is important, it is equally important to note that the comparison has an inherently moral foundation. After all, that 'the state should act like a responsible household' is, in the final analysis, a claim that is saturated with moral meaning (Stanley, 2014). Ultimately this invocation is rooted in a sense of what 'good' households *ought* to do. This was taken to a logical extreme by Conservative MP Caroline Spelman who claimed that 'thrift' is an appropriate economic policy for both the state and households: 'lets call it thrift then because thrift is a virtue and thrift needs to be part of the solution to our nation's problems […] thrift is living within your means' (quote from Jensen, 2012, p. 22).

The debt crisis has been enacted alongside a narrative of 'Broken Britain': a condition of serial and interlinked social pathologies – worklessness, personal irresponsibility, out-of-wedlock childbirth, dependency – caused by behavioural problems and family breakdown (Slater, 2013, p. 948). The Broken Britain narrative, which has been the main public justification for the sweeping (and arguably damaging) changes to welfare, originated in the work of the former Work and Pensions Secretary Iain Duncan Smith's think tank *Centre for Social Justice* (Slater, 2013, p. 951). Duncan Smith's 'Social Justice Policy Group' – commissioned by then-new Conservative leader David Cameron in 2007 – reported that an 'underclass' lived a life of dependency, addiction, debt and family breakdown, supported by a 'mentality of entrapment, where aspiration and hope are for other people, who live in another place' (Finlayson, 2010, p. 25). As Alan Finlayson points out, there is an important link between this corrosion of social life and the ways in which the excesses of big government have undermined responsibility (Finlayson, 2010, pp. 25-26). The Broken Britain narrative suggests that mass irresponsibility can be traced to a rights-based and dependency culture that was fostered by a social democratic New Labour state (Finlayson, 2010, p. 26). Importantly, the erroneous use of public money is implied to have played a role in fostering this culture. This diagnosis suggests both a withdrawal of the state from various areas as evident in much Conservative-coalition government policy such as free schools, but it also leads to state intervention through trying to change dominant social norms of dependency and unproductive behaviour through behavioural economics (Finlayson, 2010, p. 29).

Merely than just a threat to economic growth, the debt and deficit also therefore represent an affront to 'a particular kind of moral order' (Konings, 2016, p. 98). This is a moral order in which those that work, are directly taxed, and therefore contribute to the public purse should be the ones to also benefit because they *deserve* it. But the concern is that exactly the opposite is happening, in which there are groups of people who receive welfare benefits but contribute no direct tax to the public purse and are therefore undeserving. This moral order is supported by a number of stereotypes: hardworking taxpayers who are pitted against the undeserving (Stanley, 2016), strivers pitted against scroungers (Valentine & Harris, 2014), and so on (Jensen & Tyler, 2015). This has implications for the governing austerity. As Langley puts it, it appears only 'right and proper … that those who had apparently benefitted most from public spending that the state could ill-afford would now endure the costs of the spending cuts' (Langley, 2014, p. 163). By changing their ways, the undeserving poor will not only help themselves, but will help the state by becoming economically productive, relieving the strain of welfare on the budget, and, ultimately, help solve the crisis.

Taken together, these calculative practices and imaginaries create a sense that a pernicious threat is facing the country. This danger is potentially catastrophic, the sources of it are complex, and the moment of tipping point is imminent. As Colin Hay (1996) argues, that *moment,* in which the present is pregnant with possibility, is the true moment of crisis whereby a 'decisive intervention' is required to either prevent or realise an imagined future. In this case, crisis was enacted by positioning the debt and deficit as a direct and/or symbolic threat to the capital accumulation, personal economic freedoms, and moral order of things that constitute British democratic capitalism. Those that deviate from these imperatives are by definition a threat to it, and so one ought to get what one gives, i.e. deserving taxpayers and hardworking families. Given the character of the crisis, an intervention of just spending cuts – i.e. just narrowing the deficit – is not enough to solve the problem. Instead, society needs to be reoriented back towards this way of life, and the moral authority of the taxpaying hardworking family needs to be reasserted. This way of life is not under immediate threat. Indeed, the nature of the threat is vague, indeterminate, and, most importantly, *in the future*.

Preventing and preempting an indebted future

These calculative practices and imaginaries position the UK's indebted future as a threat to the imperatives of democratic capitalism. Austerity is therefore an intervention to prevent and preempt this future becoming a reality by living within means. As a result, austerity is presented as the thrifty and hardworking means to the good life for both states and households alike. This therefore engendered a number of interventions 'in the here and now' that need to be 'legitimized, guided and enacted' through different logics (Anderson, 2010, p. 12). In terms of governing logics, the threat of an indebted future was anticipated by: (i) stopping the process and underlying causes of overspending before it reaches a point of existential irreversibility (a logic of prevention); and (ii) initiating new processes of permanent and institutionalised fiscal responsibility (a logic of preemption). I will now elaborate on how this played out in practice.

First, this indebted future needed to be prevented. The Coalition government promised to eliminate the deficit within 5 years. To do so, they announced an overall fiscal consolidation programme of £112.6bn via the emergency June 2010 budget and the October 2010 spending review. Of this, £29.8bn was to be through tax rises (e.g. increase in highest tax rate, increase in National Insurance contributions, VAT rise) and £82.8bn through cutting expenditure (Taylor-Gooby & Stoker, 2011, p. 5). This included cutting £17.7bn from the benefits bill – almost all of which was to come from the £105bn already being spent on short term housing and disability benefits (Taylor-Gooby & Stoker, 2011, p. 5). Within speeches and accompanying documents, audiences were consistently reminded that these budgetary measures were being initiated in order to secure the country's future and that now was the time to act so as to avoid reaching a point of irreversibility. Consider the following excerpt from a George Osborne speech that accompanied the announcement of spending cuts two weeks into the Coalition government:

> We need to tackle the deficit so that our debt repayments don't spiral out of control. The more we do now, the more we can spend on the things that really matter in the years ahead. Already we are paying out more on debt interest that we spend on defence, on transport or on the police. If we don't take action, we will soon be spending more on servicing our debts than on educating our children. Those who are serious about engaging in the debate about Britain's economic future need to provide answers to these problems. [...] We are doing this for a reason. Controlling spending is not an end in itself. [...] This is just the first step towards creating better public services, a stronger economy and a fairer society (Osborne, 2010c).

By their very scale, these interventions appeared likely to transform and restructure public services in otherwise unthinkable ways.

When cuts to public spending are announced during a budget, it sounds and feels very immediate. However, there is little immediacy given the administrative difficulty of 'taking away' as opposed to 'giving away' (Pierson, 1996, p. 144). Although 73 per cent of planned tax increases were implemented by 2011-12, only 12 per cent of the planned total cuts to public service spending were implemented (Emmerson, Johnson, & Miller, 2012, p. 47). Perhaps unsurprisingly, cuts to public investment (34 per cent of proposed by 2011-12) were the easiest (Emmerson et al., 2012, p. 68). Only 12 per cent of planned cuts to welfare spending were implemented by 2011-12 (Emmerson et al., 2012,

p. 68). On the one hand, this could matter a great deal if the terms of the crisis are earnestly followed. Yet, on the other hand, this inevitably slow implementation of fiscal consolidation is politically fortunate (because it dampens the impact of spending cuts on the fabric of social life) and consistent with the logic of anticipatory fiscal consolidation (because the UK is being seen as moving in the right direction). On this latter point, it is the direction of travel rather than the speed (or even reaching the destination) that really matters when building credibility. For that is the character of expectation management and indeed this form of anticipatory action more generally.

Despite this, it might be nevertheless tempting to speak of an 'austerity state' and conjure images of a lean and mean cutting machine, whereby all state action is financially constrained by the logic of this crisis. This is simply not the case. The point is that this logic of precaution is selective, and if certain areas are considered important in securing the future of British democratic capitalism despite costing the state then they are valued nonetheless. Recent pension reforms, in which people are now automatically enrolled in private pensions alongside proposals for a new single-tier state pension, highlight this. Despite costing the state more in the long term, these reforms are justified as a way of ensuring that individuals take more personal responsibility for their long-term financial security and must 'and engage intimately with the financial services industry to do so' (Berry, 2016b, p. 2). Despite costing the state and seemingly contradicting the imperative of austerity (Berry, 2016b), these reforms are valued because they secure way of life compatible with the imagined futures of British democratic capitalism. This is one reason why it makes sense to think of austerity as an imperative to 'live within means'. Not pure asceticism, but rather selective and thrifty uses of decreasing levels of expenditure in which those areas that help secure the future are valued over those that do not.

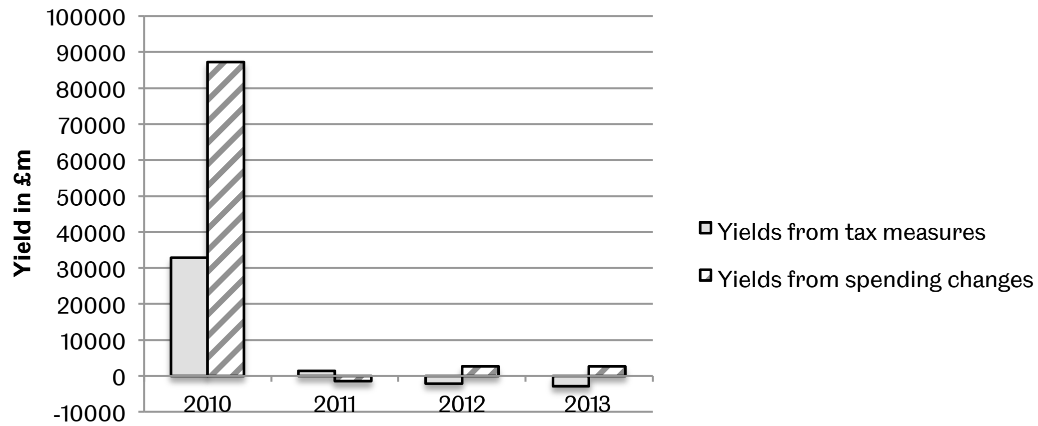
This logic of precaution has been accompanied with a logic of preemption, in which the state initiated new processes of permanent and institutional fiscal responsibility. The establishment of the Office for Budget Responsibility (OBR) provides a high-profile example of this. The OBR is tasked with making independent assessments of the public finances and the economy, the public sector balance sheet and the long-term sustainability of the public finances. Given that Gordon Brown's Treasury team were consistently accused of massaging forecasting figures to fit their ends, the chance to 'remove politics from forecasting' was the key justification for forming the OBR (HM-Treasury, 2010b, p. 2) – despite the fact that it used the same models as the Treasury used previously (Sawyer, 2012, p. 208). By creating an at-distance independent body that seeks to create objective forecasts, the OBR simultaneously is part of the resolution of crisis the re-iteration of crisis itself. It provides the deficit problem 'an additional veneer of expert objectivity, transparency, and vigilance' (Langley, 2014, p. 156). In amongst this, the OBR is also geared toward pre-empting another slide toward an indebted future and the threats that entails even in a (hypothetical and imagined) world where the UK has a balanced budget. More recently, the Conservative 2015 pre-election 'tax lock' pledge (a promise that neither income tax, VAT or national insurance will be increased in the subsequent parliament) and the recent 'Charter for Budget Responsibility' (in which fiscal surpluses are enshrined in law) continue this logic.

Characterising the austerity governance in the UK as following a logic of anticipatory fiscal consolidation helps us unpick two puzzles about the unfolding of fiscal consolidation that are usually ignored or otherwise insufficiently grappled with in the academic literature. The first of these two puzzles concerns the observation about targets outlined at the beginning of the article. In this vein, some observers have commented on the Coalition government's 'failure to meet its borrowing targets and effective admissions that the five-year plan will not be realised' (Thompson, 2013, p. 487). Under many circumstances – and perhaps especially under a logic of disciplinary fiscal consolidation – this consistent failure to meet fiscal deficit reduction targets might provide a series of moments or an accumulation of evidence that the Coalition's initial 5 year fiscal consolidation plan failed on the very terms it set out. Yet, these missed targets barely dented the legitimacy of austerity governance.

To gain an understanding of why this is so, we can turn to the character of the 'forward-looking fiscal mandate' (HM-Treasury, 2010a, p. 1) seeks to achieve a cyclically-adjusted current balance by the end of a *rolling, five year forecast period*. The fiscal mandate is therefore quite literally a moving target: with each new budget there is a new five-year forecast, and therefore a new target of sorts with a calculation of the likelihood of meeting it in that timeframe. So, the 2011 budget claimed that there was 'a greater than 50 per cent chance' of meeting the mandate. By 2012, there was 'roughly a 60 per cent chance' of meeting it by 2016-17. By 2013, there was 'roughly a 70 per cent chance' of meeting it by 2017-18. And by 2014, there was 'a roughly 75 per cent chance' meeting it by 2018-19. By the time we get to 2015, there is absolutely no chance of meeting the 'rolling' and 'future-oriented' target *set in 2010* – but the Treasury can still claim credibility in steering the UK in the right direction. This device more so than anything else demonstrates the logic of anticipatory fiscal consolidation: *it is the direction of travel rather than the speed or even reaching the destination itself that really matters*. For with each reiteration and recalculation of the fiscal mandate, that imagined debt-free future seemed closer.

The second of these two puzzles concerns the tempo of fiscal consolidation. It is becoming clearer now that the spending cuts were almost exclusively concentrated in the first 2010 emergency budget. Using data from the Treasury, *The Guardian* calculated the cumulative estimated effect of the policy decisions over the following five financial years after the budget. Figure 1 shows how the June 2010 emergency budget was essentially one short and sharp bout of consolidation, followed by just very modest action following that. Again, this seems at odds with the seeming urgency of fiscal consolidation as presented by the Coalition government and its key players. This seems all the more incongruous when we consider that at Osborne stood up and spoke about the importance of continued austerity and spending cuts at each of those relatively lighter budgets following 2010. Why risk the promise of more pain, only not to deliver? On the surface, this pattern also seems odd given the primacy of deficit-reduction targets.

Figure 1. Overall effect of policy decisions at each budget



Source: HM Treasury, via the Guardian (http://www.theguardian.com/ news/ datablog/2014/mar/19/budget-2014-all-osbornes-budgets-so-far-in-five-charts)

However, as we saw moments ago, the fiscal mandate is assembled in a particular way that makes this tempo both conceivable and successful. Furthermore, and since the actual spending cuts that stem from budgetary decisions can take years to implement, this strategy has probably ensured that austerity has not lead to the breakdown in social stability that many predicted[3]. By delegating a large chunk of austerity to the future – as partly legitimatised through the fiscal mandate and other practices reviewed above – the UK state ensure the successful governance of austerity in regards to treading a path between social stability and market credibility.

Conclusion

This article has sought to analyse the logic underpinning austerity governance in the UK. Rather than simply identify the contrasting levels of fiscal and monetary autonomy as a causal explanation for divergent types of austerity governance in comparison to the Eurozone, the article has instead sought to unpack and analyse how the UK has made use of those contrasting conditions to chart a successful course between the imperatives of social stability and market credibility.

The article started by distinguishing the context of the UK from the Eurozone as a way of outlining the competing imperatives of social stability and market credibility that anticipatory fiscal consolidation is geared towards managing. It then outlined this anticipatory governing logic further by outlining its origins in neo-classical economic theory and in the wider rationalities of contemporary liberal government. The third section demonstrated how the UK state made a crisis in order to anticipate a potential catastrophe to the country – although the exact character of the threat posed by the deficit and debt was vague, indeterminate, and yet to be realised. The final section outlined some of the anticipatory practices that sought to prevent and preempt this imagined future, which included various budgeting and forecasting institutions and devices. In doing so, the article engages with what I previously termed as the second phase of austerity literature, in which the aim is to systematically make sense of how fiscal consolidation has been governed. This article has contributed to this literature by analysing and unpicking the logic underpinning austerity governing in the UK, and in seeking to characterise and thus differentiate this type of austerity governance.

The ideal-typical categories of anticipatory and disciplinary fiscal consolidation can help navigate the differentiated and uneven political economy of austerity from a comparative perspective. However, it is important to emphasise, as way of a concluding, what the category of anticipatory means in this context. After all, liberal government – let alone different types of austerity governance – is future-oriented to an extent. The category of anticipatory is instead used to make sense of the under-acknowledged and uneven temporalities of austerity governance. Within the logic of disciplinary fiscal consolidation, the future is relatively fixed and far more likely to catch up with the state – to the extent that the imperatives of social stability and market credibility are compromised. Within the logic of anticipatory fiscal consolidation, the future is flexible to the extent that it is malleable to the governing practices of the state. This is evident in the way in which austerity has been governed in the UK. Consequently, sustaining a credible *journey towards* a debt-free and deficit-free future in order to prevent and preempt a vague and indeterminate threat to the country is as important as actually reaching the destination itself. How long the state can credibly commit to this continued and longer-than-promised journey – and, indeed, whether it will at all given the fallout from Brexit – without compromising social stability or market credibility is to be seen.

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[1] Blyth (2013, 62-73), for instance, makes a distinction between Ireland and Spain (where financial crises were caused by housing bubbles) and Portugal and Italy (which are 'united by a combination of low growth, old age, low productivity, and institutional sclerosis').

[2] It should be noted that although expansionary fiscal consolidation was for a while embraced by influential epistemic communities, including the IMF, it was latterly discredited and rejected by those some of those same communities (Ban 2014).

[3] We may also surmise that there may be a relationship between the slow tempo of fiscal consolidation and the dampening of aggregate demand. This article does not have the space to explore such a possibility.