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Quinn Slobodian. *Globalists: The End of Empire and the Birth of Neoliberalism*. Cambridge, Mass.: Harvard University Press. March 2018. 400 pp. £ 27.95.

Reviewed by Deirdre Nansen McCloskey

McCloskey's last book was Bourgeois Equality: How Ideas, Not Capital or Institutions, Enriched the World (2016). She is writing *How to Be a Humane Libertarian: Essays in a New Liberalism*.

We people of the Anglosphere need to learn the peculiar use among German-speaking economists of the Latin *ordo*, 'arrangement', as in *der Ordoliberalismus*. The historian Quinn Slobodian's fascinating book is the place to learn. Though he writes with elegance and clarity, his story is a mite intricate. Pay sharp attention, class.

The ordo-liberals drew the lesson from the wild popularity of Nazi populism. A strong government of law-bound technicians devoted to the common good, said the sages of Freiburg and Geneva, should supervise democracy and the market, preventing either from tipping us into fascism or communism. The ordo-liberal motto was 'a strong state and a free market'. Ludwig Erhard applied it to post-War West Germany, with satisfactory results. The international version became amazingly successful. Until, it may be, now.

Slobodian traces ordo-liberalism, the core of international neo-liberalism, back to the shock that World War I delivered to liberal capitalism. Continental liberalism, at first in a much-reduced Austria and then especially in Geneva and beyond, Slobodian shows, began to argue for institutions 'protecting capitalism on a *global* scale' — 'the League of Nations [1919], international investment law, blueprints for supranational federation, systems of weighted franchise, and ultimately the World Trade Organization [1995]'. Thus his title: *Globalists*. German-speaking liberals devoted to *ordo* pressed for such institutions, and got them.

Slobodian tells the history of the 20th century from the point of view of an international ordo-liberalism. A global, top-down 'dominion', the story goes, must dominate one or another of the messy populisms dropping bombs on the 'imperium' of the market. Consult the history of Latin America since 1946. Globalism, led by what Slobodian calls the Geneva School, mainly German speaking, sought to tame national populism in all its forms, from Lenin to Perón to Chávez to Trump.

Slobodian's subtitle highlights 'the end of empire', an end that stunned Austrians and Hungarians and the other nationalities accustomed to living peacefully and profitably in an eleven-language empire. The Austro-Hungarian Empire was a customs union lurching before 1914 towards constitutional monarchy, as to varying degrees were also the empires of Germany and Russia. More's the pity of 1914.

In a threnody of 1942 for the capitalist order, *Capitalism, Socialism and Democracy*, the Austrian economist Joseph Schumpeter predicted gloomily that comprehensive socialism was in the cards, as most economists believed then. His nostalgia was palpable for the 'business-admiring civilization' of his youth in Vienna and Graz before the First War. By the 1930s, Schumpeter observed, the ideology that had protected capitalism had flat-lined. After the second of the wars to end all wars a tiny band of liberals and ordo-liberals gathered at the first meeting of the Mont Pèlerin Society in Switzerland, and proposed its resuscitation. In 1951 one of its leaders, Friedrich Hayek, who decades later won the Nobel prize in economics, wrote that 'Thirty years ago liberalism may still have had some influence among public men, but it had well-nigh disappeared as a spiritual movement'.

In the Anglosphere by the 1930s the very word 'liberal' had been captured to support a slow socialism hostile to the classical liberalism espoused by the Blessed Smith. As Schumpeter joked (he was always joking), 'As a supreme, if unintended, compliment, the enemies of private enterprise have thought it wise to appropriate its label' of liberal. Not anarchism. To the contrary, the Walter Eucken Institute in the well-named southern German city of Freiburg advocated since then an ordered state

over the market to offset the importunities of interest groups, *ordo super forum*.

But none of the liberalisms, says Slobodian, whether classical or Anglo or Freiburg-ordo, were international until the Geneva School made them so. True, the greatest English-speaking exponent of active domestic and international governing, to save capitalism by ruling it, John Maynard Keynes, designed one of globalism's greatest international triumphs, the Breton Woods institutions of 1944, such as the World Bank and the IMF. But as Slobodian notes, in the United States, which just then assumed the lead in economics, 'both Chicago School and Virginia School thinkers' – Milton Friedman and James Buchanan, savaged recently in fairy-tales from the left – 'exhibited the peculiarly American quality of ignoring the rest of the world'. So did the American Keynesians.

The characteristically American version of classical liberalism, 'libertarianism', saw itself as defending hardy pioneers against the guv'm't back East. On the contrary, the Continentals, and in particular the Geneva School, as Slobodian puts it, wanted to 'encase' governments and markets in technocratic institutions such as a liberal constitution and the European Union. He remarks, quoting a recent contributor to the annual journal of the movement, named of course *Ordo*, 'Far from having a utopian belief in the market as operating independently of human intervention, "ordo-liberals . . . have pointed to the extra-economic conditions for a free economic system"'. .

The problem, the ordo-liberals believed, is populism in a democratic age. Populism wants the rewards right now, this afternoon. As Slobodian puts it (channeling the ordo-liberals) socialism or other populism 'breaches the boundaries between market and government, which the ordo-liberals regard as sacred, and prudent'. The populist is not willing to wait for the market to enrich us all, as it has since 1800 by a 3,000 percent increase of real income for the poorest among us. The case is similar to the psychological experiments about self-command, which show that many people, especially small children, don't have it. The neo-ordo-liberals of Geneva counseled patience.

One does wonder, though, whether passing a law of patience, even a *Grundgesetz*, suffices. The ordo-liberals doted on 'the legal institutional framework', in a manner reminiscent of Continental civil law as against the found-law of English judges from the time of Edward I. And the *ordo* is reminiscent, too, of so-called cameralism, the busy statecraft of the eighteenth-century German lands.

In the Anglosphere the economists have long taken the lead. In the German lands the lawyers have. Hayek's ordo-liberal book of the 1950s was called *The Constitution of Liberty* and his magnum opus *Law, Legislation and Liberty*. Law, law, law. The cry has been echoed in recent World-Bank orthodoxy inspired by the economic historian the late Douglass North, known as neo-institutionalism. If we wish to export English common law to a country having at present no liberal public opinion, says the World Bank, we need only introduce the institution of gowns and white wigs for the lawyers. Add institutions and stir.

The recent descent of Hungary, Turkey, and Poland into fascism lite shows, though, that laws are not enough. A tyrant with initial popularity can demonize the liberal judges and technicians with startling speed. True, in South Africa the Constitutional Court kept up the legal pressure on the corrupt President Zuma, and in the United States the Federal courts constrained President Trump's plotting against Muslims and Mexicans. But such cases make the same point, that ideology, public opinion, ethics, a rhetoric of a liberal polity run the show.

The extra-economic condition that matters in the end is not the constitution – the old Soviet Constitution was a lovely document. It is public opinion, the opinion in Russia that just now voted again for a neo-tsar, or the divided opinion in the U.K. about escaping the ordo-liberal technology of Brussels.

We should reflect on keeping a liberalism which has made us rich and free. You can do it, class, by attending to this brilliant, scholarly book.