

BRUCE CALDWELL and HANSJOERG KLAUSINGER, *Hayek: A Life, 1899-1950*, Chicago and London, The University of Chicago Press, 2022. Pp. 840. \$ 50.00. ISBN: 9780226816821, eBook available

In 1974, Friedrich Hayek, together with Gunnar Myrdal, received the Nobel Memorial Prize in Economics. The Nobel Prize committee singled out “their pioneering work in the theory of money and economic fluctuations” as well as “their penetrating analysis of the interdependence of economic, social and institutional phenomena”. Bruce Caldwell (Duke University) and Hansjoerg Klausinger (WU Vienna University of Economics and Business), two distinguished historians of economic thought, have produced a monumental (840 pages) biography of the first five decades of Hayek’s life, *Hayek: A Life, 1899-1950*. It is a thoroughly researched and scholarly work.

In the Introduction, Caldwell and Klausinger describe the origins of the project. In the last decade of his life, Hayek accepted an invitation to participate in two interrelated projects, a full biography and a book series that would collect his writings. The American philosopher W.W. (Bill) Bartley III was to serve as both Hayek’s biographer and the General Editor of the “*Collected Writings of F.A. Hayek*”. Unfortunately, he passed away in 1990. The biography languished, but the “Collected Works” continued under the editorship of Stephen Kresge. In 2002, Kresge asked Bruce Caldwell to take over as the third General Editor. Caldwell was further keen to take up the role of Hayek’s biographer. A problem was that Hayek had always insisted his biographer be fluent in German (which was not the case for Caldwell). Caldwell invited then Hansjoerg Klausinger to join him. The Hayek family provided access to all the existing family correspondence and other materi-

als. Caldwell and Klausinger could then draw on a wealth of new archival material. As they admit themselves, their aim is ambitious, “the definitive full biography of F. A. Hayek” (p. 3). They are working on a second volume, covering the second part of Hayek’s life.

The book is divided in six, chronological, parts: “A Viennese youth”, “A broadening of horizons”, “The making of an economist”, “Hayek in 1930s England”, “Fighting the spirit of the age” and “Changing worlds”.

The first part, “A Viennese youth”, explores the period from Hayek’s birth in 1899 to his military service in World War One. It offers a captivating picture of fin-de siècle-Vienna, the capital of the Austro-Hungarian empire, a place of strong creative tensions. There was a thriving and generally well integrated Jewish community [many famous economists of the Austrian school were Jewish, as observed by Caldwell and Klausinger, “the vast majority of the Mises circle was of Jewish descent” p. 203. Some of the (Jewish) participants were part of the (lower) nobility, like Ludwig von Mises himself, showing that Jewish people were quite well integrated in the Viennese society]. But Vienna was also a place of destructive political, religious, and ethnic divisions. As the monarchy gradually lost its grip on society, an age of increasingly raw and nasty mass politics began, with many varieties of fanaticism on offer: Marxist, fascist, anti-semitic, pan-German, nationalist... Hayek’s family was upper middle class: conservative, Christian, and culturally German. In the summer, like most middle-class families, the Hayeks would go to the countryside. The young Hayek loved the mountains (it would remain a lifelong passion). He quickly developed an “independent streak” (p. 20) and would gradually move away from the influence of his family and milieu.

The second part, “A broadening of horizons”, focuses on the period 1918 to 1923. The Vienna to which Hayek returned after the war was a “shipwreck” (p. 87). He enrolled at the university, making also Jewish friends. Though nominally a law student, Hayek pursued his own interests, like philosophy, psychology and economics (with Friedrich Wieser as one of his professors). Together with Herbert Fürth (a very close Jewish friend from the Gymnasium), he founded a circle of his own, a discussion group that came to be called the “Geistkreis” (Mind Circle). During these years, he definitively turned away from the German nationalist perspective of his family toward the “liberal-progressive and cosmopolitan views held by those in the mixed groups of which he had become a member” (p. 154). He got a first job at the Austrian Clearing Office for War Debts, directed by Ludwig von Mises. In 1923 and 1924, he spent fifteen months in the United States. He studied in New York, where he got to know Wesley Clair Mitchell, the doyen of the American institutionalists and the founder of the National Bureau of

Economic Research. He also acquired there an understanding of the statistics associated with industrial fluctuations and of the workings of the Federal Reserve. His American experience turned him into a young academic and exposed him to a wholly different culture (which he did not really like).

With part three, “The making of an economist”, the focus is on Hayek’s early career as an economist in Vienna. Mises invited him to his private seminar where he worked with economists like Gottfried Haberler, Fritz Machlup, and Oskar Morgenstern. Mises was also the driving force behind the creation of the Institute for Business Cycle Research, of which Hayek would become the first director. It would help Hayek to expand his professional networks, also internationally. During these years, Hayek actively pursued his “lifetime ambition” of becoming a professor (p. 196). He began to develop a series of theories about the functioning of a monetary economy. Hayek started from an intertemporal general equilibrium model. He introduced then monetary disturbances, which led to distortions in the structure of production, causing the trade cycle. In 1926, he married Hella Fritsch, who gave birth to a daughter in 1929. As observed by Caldwell and Klausinger, “By the turn of the decade, along with a daughter, the Hayekian theory of the cycle had been born” (p. 196).

In part four, “Hayek in 1930s England”, the focus is on Hayek’s early period at the London School of Economics (LSE). A key figure at the LSE was Lionel Robbins, who wanted to internationalize economics at the LSE. Robbins invited Hayek for a series of lectures, “*Prices and Production*”, in January 1931. They were a big success and contributed to an invitation for a visiting professorship, and, thereafter, a chair (Hayek very much stuck to the arguments of “*Prices and Production*”, also in a lecture at the LSE for the 50th anniversary of the event, p. 380. This is also very much my personal memory, attending Hayek’s 1981 lecture as a student at the LSE). During the 1930s, Hayek fought some of his most important intellectual battles. The first of these was with John Maynard Keynes, with at the core their respective theories of a monetary economy. The second was the so-called “socialist calculation debate”. However, as observed by Caldwell and Klausinger, “Hayek had little success on the intellectual battlefield” (p. 272). This all happened in a time of unprecedented political and economic turmoil, with the Great Depression, the rise of fascism and the looming of a new war. In 1938, Hayek naturalized as a British citizen. According to Caldwell and Klausinger, “it also formally defined his relationship with Austria and the Nazi regime” (p. 431). The same year, his brother Heinz joined the Nazi party.

At the end of the 1930s, liberalism, the philosophy Hayek had come to embrace, was in eclipse. On the contrary, the idea of planning, to rationalize

production and distribution decisions, was on the rise, with scientists and engineers playing “an integral role” (p. 435). This vision of a scientifically planned future was for Hayek the spirit of the age. As the title of part five, “Fighting the spirit of the age” tells us, Hayek disagreed fundamentally. Hayek embarked on a big book project “The Abuse and Decline of Reason”. The aim was to trace the origins of these ideas, from the French Revolution, and to show how they gradually spread to different countries. In the 1930s, progressive intellectuals very much agreed that planning was the best hope for constructing a world in which freedom and prosperity could exist. Hayek disagreed completely and wanted to show the “horrible consequences that these ideas had in the twentieth century” (p. 436). While he did not finish this great book project, it would lead to several essays as well as his most famous book, “*The Road to Serfdom*”. Part of the work on this project was done in Cambridge, where the LSE had moved to during the war. In this period, in 1937, Hayek also published an essay, “Economics and Knowledge”, in which he argued that one should regard competition not as a state of affairs, but as a process by which knowledge is dispersed and acquired. Later he even referred to this paper as his “only *original* contribution to economics” (as quoted on p. 511, original italics).

In the sixth chapter, “Changing worlds”, Caldwell and Klausinger discuss the period from the end of the war to 1950, when Hayek moved to the University of Chicago. It was a period of intense intellectual activity. Caldwell and Klausinger characterize “The Use of Knowledge in Society”, as “Hayek’s most famous economics paper” (p. 601). In this essay Hayek develops the argument that the price system enables economic agents to use the dispersed, localized knowledge that exists in the brain of other agents in the system. The book further discusses in detail Hayek’s role in the formation of the Mont Pèlerin Society, of which Hayek would become the first president. Moreover, as everywhere in the book, Caldwell and Klausinger discuss in detail Hayek’s private life. At the core is here Hayek’s wish to start a new life with an old Austrian friend, Lenerl, and to divorce from his wife Hella, with whom he had two children. The process of the divorce is discussed in more than considerable detail and is not always pleasant reading. As observed by Caldwell and Klausinger, “No one (with the possible exception of Lionel Robbins) came out of it looking very good, and everyone at various points looked quite bad” (p. 589). It was also the reason why Hayek lost, with an embittered Lionel Robbins, someone which he considered as one of his true friends. In the end, Hayek moved from the old to the new world, and this with a new wife and a new job.

Any biography involves painful decisions and choices. Caldwell and Klausinger have a, very honest, section in the Introduction on “Some decisions we made in writing this biography”. They, very rightly, state that a biography deals with a subject’s life, not just his ideas. They tell that they decided “to hold very little back” (p. 9). This concerns particularly that both of Hayek’s parents participated in Vienna’s anti-semitism as well as Hayek’s divorce. They also tell about their two-day manuscript conference, which helped them reshape (and shorten) the manuscript (Personally, I have the impression that there was some further scope for shortening. For instance, four pages on “The decline and fall of William Beveridge” as a director of the LSE is quite long. Also, family stories are sometimes told in painstaking detail). They further decided not to engage with the “existing critical literature” regarding Hayek, “we did not attempt to provide a critical assessment of his thought” (p. 8). They argue that, as historians of economic thought, “we sought to reveal what he did and said, and to explain what motivated him” (p. 8). I broadly agree that it is indeed crucial to explain the evolution of a person’s thought and place it in its context. However, one might argue that also the critical debates of the times can be important. In this regard, I’m a bit uneasy with their treatment of Sir John Hicks (who received the Nobel Memorial Prize in economics in 1972), as well as the Hayek Hicks relationship at the LSE. Caldwell and Klausinger discuss different elements of the interaction between Hicks and Hayek, but not how Hicks became a “Keynesian”, starting from a request of Robbins to translate Hayek’s “*Prices and Production*” into mathematics (Hicks 1982: 6). Hicks started from the same type of intertemporal model as Hayek, with perfect foresight as a condition for equilibrium. Hayek then introduces monetary disturbances. But Hicks went into the question of the nature of money in this construction, “if the future course of economic data (and the corresponding future course of prices) were exactly foreseen, there would be no demand to hold money as money” (Hicks 1933: 527). Like for Keynes, the holding of money becomes for Hicks intimately connected with uncertainty and the disappointment of expectations (Maes 1990: 128). Hicks then abandoned the Hayekian idea to elaborate monetary theory in line with capital theory, but introduced marginal analysis (of which he was one of the pioneers in the 1930s), foreshadowing modern portfolio theory, as developed later by James Tobin. Sir Paul Chambers, in his master’s thesis, supervised by Robbins and Hayek, questioned Hicks’s view that “monetary theory falls outside equilibrium theory” (Chambers 1934: 3). In his view, not only risk, but also transaction costs determine the demand for money, an idea which, later, would also be taken up by Hicks and Tobin (see Maes 1991).

“*Hayek: A Life, 1899-1950*” is a monumental and sympathetic biography of Friedrich Hayek. It is very well written, very clear and well structured. The book is based on painstaking archival research and shows great scholarship. The novelty is very much in bringing the person of Hayek to life, with its strengths and weaknesses.

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BRANKO MILANOVIC, *Visions of Inequality. From the French Revolution to the End of the Cold War*, Cambridge, MA, Belknap Press, 2023. Pp. 368. £ 27.95. ISBN: 9780674264144, eBook available

Today, inequality within countries has become even greater as the result of economic, financial, and pandemic crises. Within unequal societies, trust between individuals can easily be undermined and democratic processes be eroded. Economic inequalities (as well as social and political ones) tend to generate suspicion of public institutions, becoming the propellant for expressions of rude populism today pervading most of the Western Countries. At global level, Branko Milanovic argues, we observe a different pattern as developing countries are reducing the income gap with rich countries: “Generally, two groups of people are thought to be the big winners of the past two decades of globalization: firstly, the very rich, those at the top of national

and global income distributions; secondly the middle classes of the emerging market economies, particularly China, India, Indonesia and Brazil” (Milanovich 2013). On the contrary, in the West the poor saw no advancement and the working classes experienced minimal wage growth. In a medium-term global perspective, such an economic convergence between rich and developing countries risks weakening the economic growth of the latter, inevitably creating further geopolitical tensions. Not surprisingly inequality is back at the top of the agenda.

Although numerous scholars from other disciplines like history, philosophy, sociology reached very similar conclusions, most professional economists have considered inequality as an improper field of research. After the slumber that led economics to disengage from the study of human welfare, *Visions of Inequality* fully respond to the Nobel laureate Angus Deaton’s call for economists to return to “serving society”.

The book is by one of the leading scholars of contemporary inequality. Milanovic has been approaching the subject since he was a PhD student in the mid-1980s. Since then, his career has been meteoric. From 1991 to 2013, he served as leading economist at the Research Department of the World Bank and taught in prestigious universities like the Johns Hopkins University (2003-2006), the School of Public Policy of the University of Maryland (2010-2011) and he was a visiting fellow at All Souls, Oxford. At present he is Senior Scholar at the Stone Center on Socio-Economic Inequality at the City University of New York and Visiting Professor at the International Inequalities Institute at the London School of Economics and Political Science. In 2018 he was awarded (together with Mariana Mazzucato) the *Leontief Prize* for advancing the frontiers of economic thought. Milanovic’s main contribution is the so-called elephant curve which shows the destabilising effect of globalisation on income distribution between 1988 and 2008.

As Milanovic acknowledges the relevance of past ideas, he is an economist of a peculiar kind. For a very long time, most of his colleagues have unforgivably turned their backs not only on the study of inequality, but also on history. Convinced that theirs was a purely mathematical science, the economists turned economics into a discipline “of the present, slightly linked to the future [...] but completely disconnected from the past” (p. 222). By offering a compelling account of how a bunch of past economists discussed income distribution, *Visions of Inequality* shows to what extent an historically contestualised analysis of inequality is relevant today. “Accepting that our own conception of inequality is shaped by our historical and place-defined context might improve our ability to think forward, toward the issues that the future will bring” (p. 30). To accomplish his last fatigue, Milanovic

had combined the inquiry into the evolution of the idea of inequality through time with captivating portraits of the thinkers considered as well as the society and polity of their times. The result is a well-written and researched scholarly work that draws attention on the manner the economic discipline has addressed inequality from the French Revolution to the end of the Cold War.

Indeed, like Robert Heilbroner's classic *The Worldly Philosophers: The Lives, Times, and Ideas of the Great Economic Thinkers* (1953), also *Visions of Inequality* is a book about the history of economic thought. By providing a detailed account of how economic thinking has evolved in the past, both books allow the reader not only to see more clearly into our past, but also to contextualise today's debates. However, the two authors differ in their methodological approach. If Heilbroner provided a broad overview of the whole theoretical edifice of past economic pundits, the intent of Milanovic's *Visions of inequality* is to concentrate purely on how the restricted number of past economic authors he examines. From the writings of François Quesnay, Adam Smith, David Ricardo, Karl Marx, Vilfredo Pareto, and Simon Kuznet Milanovic "extracts only their views on income distribution" considering "what concrete answers [each author] provides to the essential question of inequality". Giving further emphasis to this operation, Milanovic also reviews the works of a bunch of economists from the second half of the Twentieth century "collectively influential even as they individually lack the iconic status of the prior six".

A second relevant point of this book is Milanovic's assumption that "no conception of inequality exists outside its time and place" (p. 5). This conviction prompted him to adopt a rigorous approach, that is, to see the world as much as possible from the perspective of each of the authors he examines, without indulging in criticisms or "subjecting his predictions to detailed scrutiny" (p. 4). As Milanovic puts it, "one way to think about this book is to imagine that each of the authors reviewed here was asked to answer the same question: What does your work think about the distribution of income as it exists in your time, and how and in what way might it change? (ivi)". Following this approach, the book gives us a map of the changing perception of inequality that the economic discipline has expressed in different times and places.

Visions of Inequality also unveils the ideological aspect behind each author's distributional approaches. Quesnay, an author "quite conscious of the main types of French inequality and of the country's social structure" (p. 7) was in favour of a "rich agricultural kingdom" (p. 35). Smith grounded his understanding of inequality in the ownership of different asset be it labour,

capital, or land, and aimed at a society where opulence was widespread among social classes. Speaking on the behalf of the bourgeois, Ricardo classes saw landowners as the major threat to the capitalist expansion. Accordingly, he argued for a distribution which favored economic growth according to *laissez-faire* principles. Like Smith, Marx perceived inequality as a result of class affiliation, but his solution to the problem of inequality was a classless society where the means of production returned in the hand of workers. If Pareto believed that class struggles to reduce economic inequality were useless, Kuznetz believed that the end of growth was to increase incomes for the low rank in society.

Thanks to new lines of research developed in the last two decades, this is Milanovic's main contention, the topic of inequality can no longer be evaded. It is thanks to Piketty's studies, the creation of dynamic social tables – which put analysts in a position to assess income distribution even in the absence of fiscal data and of analyses on households' income – and the introduction of global inequality studies that make Milanovic's expectation truly plausible. To these lines of research the scholar can apply one of the three interpretations of inequality today available: the Marxist, according to which “increasing concentration of ownership of capital and decreasing rate of profit ultimately lead to the death of capitalism through zero investment” (p. 292), Kuznetz's theory of “wave of rising and decreasing inequality” [ivi] and Piketty's idea that “unfettered capitalism [...], left on its own devices, maintains an unchanged rate of return and see the top earner's share of capital income increasing to the point that it threaten to swallow the entire output of society” (ivi). As inequality is a multiplier for a myriad of economic, social, and political issues, ranging from education to healthcare, from climate change to mitigation, we hope that Milanovic's confidence is well placed.

Although this book can enrich the economic knowledge of any reader, it may be better appreciated by intermediate to advanced readers with some hints of the history of economic thought.

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JEAN LESCURE, *General and Periodic Crises of Overproduction* (Eds. D'Maris Coffman, Ali Kabiri, Nicholas Di Liberto), London, Anthem Press, 2024. Pp. 532. £ 120.00. ISBN:9781839988301, eBook available

Writing in 1917, H.S. Foxwell described Jean Lescure (1882-1947) as “one of the ablest of French economists” (*Monthly Economic Letter*, National City Bank of New York). The British popular press acknowledged his reputation in 1928 as a “noted French economist... a spokesman of the French nation (Hunter).” By 1946, his work on business cycles was “well known” to economists (Singer). Today, Lescure is a relatively obscure figure in the history of European economic thought. Despite his significant contribution to “boom and bust” theory, he barely features in the substantive literature on the history of business cycles. Yet, *Des crises générales et périodiques de surproduction* (which developed out of Lescure’s doctoral thesis of 1906) offers a compelling and timeless account of crises from 1810-1929, as well as a useful summary and critique of early theories on the causes and consequences of business cycles.

This English translation of the fifth and final version of *Des Crises* published in 1938 consists of two volumes. Volume one includes a rich and detailed survey of nineteenth and early twentieth century crises including the popular Railway Mania of the 1840s through to the Crisis of 1929. Lescure takes a systematic, multi-stage approach, tracing each crises’ progression from growth to crisis to depression. Included in Lescure’s treatment of each crisis is an analysis of the economic impact on workers and the political and social turmoil that followed. The inclusion of statistics on crime rates, suicide rates and marriage rates, further supports this multidisciplinary approach, strengthening Lescure’s narrative appeal.

In Volume two, Lescure lays out his theory of the causes and consequences of crises, along with a critique of theories that trace the origins of crises primarily to monetary instability – those that point to the excessive issuance of banknotes, abuse of credit and lack of sufficient credit as primary causes. Lescure turns to a careful consideration of ‘production, consumption and distribution’ theories – and finds some merit in those theories that identify imbalances between production and consumption. As to Lescure’s own theory of crises, he finds that economic expansion results in increasing costs of production due to rising demand, ultimately outstripping broader price rises. Profits are hit and new businesses are unable to survive. Collapse follows.

For Lescure, crises can be measured and predicted. His approach, which combines historical analysis and statistical observation goes some way towards supporting such goals. Indeed, the book contains a wealth of detailed statistical evidence and Lescure’s commitment to integrating the latest meth-

ods and statistics in his approach is admirable (each subsequent edition integrates latest developments in the field as well as newly available data). Yet, a lack of editorial care results in some misprints and inaccuracies that are carried forward into subsequent editions. A 1934 review of the fourth edition in *The Economic Journal* stated: “The mutilation of English and American names is of slight consequence. The omission of a negative (p. 370, line 4) is easily corrected by an attentive reader. The frequent presentation of statistics in thousands instead of millions ought to be no more misleading than the expression of prices by the ton instead of by the quintal (p. 321). But it does not conduce to clearness in the description of the crisis of 1929-30 to print 1930 instead of 1929 five times” (pp. 319-21) (Hawtrey).

These errors, along with missing sources compound the challenge of translating Lescure’s work into English. The co-editors do an admirable job. This English version not only increases access; it supports the reader to navigate the text more easily. Included in the English version are two bibliographies: one including the works referenced by Lescure in the text; the other a comprehensive list of the author’s own publications. In addition, many of Lescure’s errors have been identified and corrected and missing source information has been included where possible (some sources remain unidentified as in the case of numerous statistical tables – for example on pp. 201-203). Helpful editorial notes support a close reading of the text, including explanations of terms which may not be familiar to the modern reader (see for example the editors’ explanation of the term to “wet” capital, meaning to invest at high risk, p. 488). The editors point out where sources could not be traced and often recreate graphs for which original sources were lacking (see for example p. 494).

The translation includes an introduction that highlights some central themes in the book. Here, Lescure’s treatment of the role of economic interdependency [solidarité] and contagion in transforming local crises of overproduction into national and even global economic phenomena takes centre-stage. Indeed, Lescure’s approach to the concept of overproduction identifies interdependencies across sectors and countries as resulting in the spread of generalized overproduction. Here, he explains how he would respond to Say’s Law:

“...the law must be reformulated: instead of maintaining that products are exchanged against products, we would prefer to say that values are exchanged against other values. We also suggest that the remedy offered by Say in the case of partial overproduction – an increase in production everywhere else – works better in theory than in practice. In fact, overproduction causes a generalized rupture of equilibrium. But, with this reservation, we hold that the thesis of the impossibility of general overproduction is well-founded.” (pp. 423-4)

Lescure's model is in many ways typical of writers in the 1920s and 30s who, struggling to understand the incidence and persistence of general unemployment, attributed the problems to failures in the market mechanism, whether monetary (as in Keynes' *Treatise on Money* published in 1930) or to the timing of cumulative processes and industrial fluctuations (as in the work of Robertson and Myrdal). For these writers, crises were attributable to imperfections in the market mechanism. In the case of Lescure, this takes the form of rising costs of investment goods and bottlenecks which then reverberate through the economy. What is lacking in such analyses is the insight of Keynes' *General Theory*: that it is effective demand that determines output, investment that determines savings, and that the volume of investment is related to expectations of future profitability and the availability of finance (not savings).

While Lescure lacks a satisfactory macroeconomic framework (later to be provided by Keynes), his contribution to the literature on business cycles is worth exploring. The co-editors have done an excellent job in making this work accessible and easier to navigate for the English reader.

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IOANA NEGRU, CRAIG DUCKWORTH and IMKO MEYENBURG (Eds.), *Handbook of Teaching Ethics to Economists: A Plurality of Perspectives*, Aldershot, Edward Elgar, 2023. Pp. 328. £ 139.50. ISBN: 978 1 80220 715 6, eBook available

This book is a very good read for economists who only have a basic knowledge of the field of ethics, which includes, unfortunately, most economists. It is a collection of essays written by experts who work at the intersection of ethics and economics, and it includes some very well-known names, such as George DeMartino, David Colander, Mark White and John Davis. The essays cover a wide range of topics in the area of economic heterodoxy, including inter alia economic scientism and reductionism, ecological economics, accounting (understood as a part of economics!), Marxism, pluralism of the syllabus, Keynes' stance on ethics, discrimination and in particular racism, the development in the West of non-individualist ethics seen in a historical perspective, the market for organs, and Kantian ethics. It also includes a few essays specifically on how to teach ethics in class, largely based on the authors' experiences. There is a nice balance between conceptual and practice-based (i.e. teaching and learning) essays, and indeed quite a few essays include both dimensions. The English is of a high standard, and I only have two minor criticisms, which are that at times the text is very concisely written and would benefit from a bit more explanation, and that there is the occasional typo – though it would hardly be ethical to expect a book to be perfect. The image on the front cover is, like with so many books about economics, unrelated to the title (why?), or at least so it appears to me, but here I am probably going beyond my role of book reviewer.

I will now focus on those topics in the book which I think will attract the greatest amount of interest: climate change, as we are living through times of vast environmental damage and the signs from the IPCC are that it is worsening, and teaching economics in such a way that it incorporates the ethical dimension, as I believe that many economists, possibly even the majority, would like to incorporate at least an element of ethics in their teaching, and probably already do so when they discuss social welfare, albeit in very simple terms as the sum of consumer and producer surplus. There is a chapter devoted to ecological economics by Jamie Morgan who believes – or, in my opinion at least, recognizes – that mainstream economics has contributed to the current ecological crisis, a view close in spirit to that offered by DeMartino in a separate chapter, and this causes Morgan to wrestle with the question of if and to what extent to include mainstream economics in the economics syllabus. In this chapter, Morgan offers a synthesis of the various

ways in which the mainstream has contributed to the ecological crisis and compares environmental economics with the more heterodox ecological economics alternative.

In addition to Morgan's chapter on changing the economics syllabus in the light of the ongoing climate crisis, there are several other chapters that are specifically focused on the economics syllabus and teaching practice (five if one includes the chapter by DeMartino on the idea that standard economics does harm as it seeks to do good). Michelle Meixieira Groenewald argues that teaching pluralist economics is particularly important in the global South, pointing for example to African communitarian values as being in contrast with the individualism of mainstream economics. She laments the devastating consequence of the market-led reforms in the South typical of structural adjustment and stabilization policies (SAPs) and wonders if these might have been avoided or at least lessened had the Western luminaries that promoted them been exposed to a greater variety of schools of thought in economics. In the process, Groenewald describes ontological, epistemological and methodological pluralism. Brady and Rocchi provide in their essay a user-friendly table with the main traits of the three main approaches in the field of ethics, namely deontological ethics, utilitarianism and virtue ethics, with their respective emphases on rules, goods and virtues, and propose how these can be integrated within a module on managerial decision-making, an exercise consistent with the aims of major accreditation institutions.

Still in the area of teaching practice, Huei-chun Su and David Colander argue that the possibility of the economics profession thoroughly incorporating ethics across the syllabus is a "pipe dream" and adopt the pragmatic approach of discussing how ethics can be taught in one lesson, not least because they recognize that division of labour as teachers of economics is necessary and unavoidable. As to what might constitute the core teaching of such a lesson, they suggest the notion that ethics is fundamental to policy, and that ethical questions cannot be resolved by the scientific method; instead, they propose the philosophical method of open and honest discussion between people with contrasting views in order to arrive at objective judgments. In a similar vein, Davis describes his journey as a teacher of ethics of economics as being one of moving away from being expertise-based towards one which emphasized exchange and debate among students, which he regards as features of a pluralistic and democratic society, and found that students with opposing views could "get along quite well".

I would now like to comment on two chapters which I personally found very interesting. One of them is Jonathan Wight's chapter on the kidney market debate. Wight considers Becker's and Elías' (2007) proposal to introduce

a market for kidneys where sellers (“donors”) would receive a price, so that, the argument goes, more kidneys would be supplied, reducing or even eliminating excess demand. Although Becker’s and Elías’ (2007) discuss the ethical dimensions of having such a market, Wight argues that the discussion needs to be deepened significantly, and focuses on problems such as that of poor people, especially those living in developing countries, selling their kidneys to recipients in wealthy countries, often under conditions of coercion, and that of motivational crowding out, whereby, upon being offered a financial reward, some potential donors would no longer donate, feeling that the moral value of their gesture is not sufficiently recognized. What is appealing about this chapter is the concreteness of the case in question (the market for kidneys) and the use of supply and demand diagrams that can be utilized even in an introductory course in economics; indeed, these features may result in the chapter receiving a lot of reader attention, making it a candidate for inclusion in the that list I described above. The second chapter which I found particularly interesting is that by Stefano Solari, who reviews important schools of thought in non-individualistic ethics. This chapter serves as a useful door to economists who wish to know more about this topic and, unlike other chapters (except for Dennis Badeen’s chapter on Aristotle, Marx and capitalism, as well as, to an extent, Giancarlo Ianulardo and Aldo Stella’s chapter on theoretical and ethical reductionism in economics and economics education), has a historical dimension running throughout it, reminding readers of the deep roots of the subject of ethics, going back to at least Aristotle in the West, and of its close links with the work of theologians such as Thomas Aquinas.

Economics and ethics are both deep and rich fields of inquiry, one focusing on the so-called positive side of economics, the other on the normative side. Upon reviewing the precious contributions of the twenty-four authors and three editors who worked on the handbook, it occurred to me that we teachers of economics introduce an imbalance when teaching economics to first-time students of the discipline, as we begin by distinguishing between positive and normative economics and then proceed to focus on the former whilst largely ignoring the latter. This book is especially useful to those teachers who wish to address this imbalance, and who may be constrained by lack of time and predetermined module specifications to focus on positive issues. More broadly, the book is of interest to anyone who feels a need to reconcile economics and ethics – not that these two disciplines are inherently opposed to each other, far from it, but they are often perceived by a large section of the public as inimical to one another, which is not surprising given

the arguably small role that ethics as a discipline plays in economics, and the limited degree of training in ethics that most of us economists receive.

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SEBASTIAN EDWARDS, *The Chile Project: The Story of Chicago Boys and the Downfall of Neoliberalism*, Princeton and Oxford, Princeton University Press, 2023. pp. 376. \$ 32.00. ISBN: 9780691208626. E-book available

On December 17, 2023, Chileans have once again rejected a proposal to revise the constitution, a document drafted and ratified during the rule of Augusto Pinochet (1973-1990). This second version was even more conservative than the original. In 2022, however, 62 per cent of voters had already rejected the first revision, which had offered one of the world's most progressive constitutions after two years of social unrest calling for profound reform of the country's legal and economic structures. Demonstrators argued that the 1980 constitution bore the indelible mark of the dictatorship and perpetuated deep socio-economic inequalities. This criticism surprised Chile's economic elites, who were convinced of the success of the Chilean socio-economic model. Despite three decades of economic growth that many Chilean and international observers likened to a "miracle," the magic was lost on the protesters, who pointed to the environmental and human costs of reckless economic growth. This irreconcilable conflict inspired Sebastián Edwards to explore the intellectual origins, scope, and limitations of this so-called miracle in his latest book, *The Chile Project: The Story of Chicago Boys and the Downfall of Neoliberalism*.

The book invites the reader to assess the Chilean miracle through two complementary approaches: examining economic indicators reflecting progress in the Chilean economy since the dictatorship and evaluating the advancement of the free-market spirit. Regarding the latter, Edwards gauges the success of the ideas and economic policies developed during the dictatorship with a straightforward observation: the model created by the regime's economic advisors was "maintained, improved, and deepened" for decades after the return to democracy (p. 19). To understand this paradox, the author traces the history of the key figures and thinkers behind the "miracle," the Chicago Boys, utilizing extensive archives, rich interviews and personal rec-

ollections. He notably had personal relationships with some of the main protagonists, Arnold Harberger and Rolf Lúders, although he did not share their political world vision: after high school, Edwards was an activist with Allende's Socialist Party and left Chile to the United States after the coup (p. 165). But in the long run, he argues, "Pinochet lost the electoral battle, but the Chicago Boys won the 'war of ideas'" (p. 179).

The Chicago Boys were successive generations of Chilean economists trained at the University of Chicago or taught later at the Pontificia Universidad Católica (PUC) of Santiago by economists returning from Chicago. Their story began in the 1950s when U.S. President Henry Truman implemented a strategy to combat poverty and communism in impoverished regions of the world (p. 28). As part of this strategy, U.S. cooperative and philanthropist agencies, private foundations, and multilateral organizations funded an exchange program so that PUC students in economics could graduate at the University of Chicago from 1955 to 1973 (pp. 42-51). The rationale behind this agreement was the belief by the U.S. administration that there were not enough economists in Latin America "with the analytical abilities to understand the role of markets, prices, investment in people, and innovation" (p. 28). The observation was widely accepted, albeit with different conclusions, since there was no graduate school of economics in the subcontinent before the 1950s. Notably, we can acknowledge other initiatives flourishing at the same time to develop local, independent economic thinking in support of regional economic sovereignty (Klüger *et al.* 2023). The Chile project was thus not only the result of asymmetric bilateralism but also a project that concentrated all the private, geo-economic, and multilateral stakes of the Cold War.

During their time at the University of Chicago, Chilean fellows discovered, in addition to the classics in Economics and History of Economic Thought, Milton Friedman's and Gary Becker's theories of demand for money, Theodore Schultz's conception of human capital, George Stigler's analysis of interest groups, and Arnold "Al" Harberger's work on inflation (pp. 45-49). Upon returning to Chile, they mostly taught at PUC and advocated for the legitimacy of monetarism as the only scientific approach to economics and economic policy. Their primary adversaries were the structuralist economists, a powerful school of thought that had wielded considerable influence in Chilean academia and policymaking during the presidency of Salvador Allende (1970-1973). Edwards reveals that Chile's war of economic ideas was deeply rooted in a battle of experts, with each side dismissing the other's ideas on purportedly scientific grounds. The Chicago Boys accused the structuralists of ignorance and populism, while the structuralists saw this

new generation of economists as inadequately trained ideologues blinded by faith in pro-market ideas (pp. 50-51). For a deeper understanding of the intellectual context in which the Chicago Boys sought to impose their views, we recommend that readers consult Margarita Fajardo's work on the economists of the United Nations Economic Commission for Latin America (Fajardo 2022, 2023).

The Chicago Boys were not just economists but also policy advisors advocating the practical application of their theoretical ideas to policymaking. In 1970, figures like Pablo Baraona, Alvaro Bardón, Sergio de Castro, Juan Carlos Méndez, Emilio Sanfuentes, Sergio Undurraga, Juan Villarazú, and José Luis Zabala drafted a key document, *El Ladrillo (The Brick)*, an economic program of political reforms that proposed to rebuild Chilean society on free-market principles, influenced by monetarist theories. Originally written to enrich the electoral platform of Allende's opponent, Jorge Alessandri Rodríguez (de Castro 1992), the *Brick* eventually served as Pinochet's reform program to justify the actions of its authoritarian government with a legitimate economic project (pp. 78-87). Most of the authors of this document assumed high positions in the Pinochet regime, becoming presidents of the Central Bank, minister of the economy, minister of finance, director of the Office of the Budget, adviser to the minister of planning, or head of the *Corporación Nacional de Fomento de la producción*, the CORFO ministry that orchestrated the privatization wave (p. 77). From this point on, international and scientific legitimacy came from the prestige of academia and the tacit approval of a growing international community of renowned pro-market economists, such as Friedrich Hayek and Milton Friedman, who visited Chile and praised its drastic reforms (pp. 126-128). In such a favorable context, the influence of the Chicago Boys continued unabated, and Edwards points to their political longevity long after the end of the dictatorship as evidence of their successful integration into the Chilean political landscape: for example, President Eduardo Frei Ruiz-Tagle (1994-2000), son of former President Eduardo Frei Montalva (1964-1970), later appointed a Chicago graduate and one of the authors of *The Brick*, Juan Villarazú, as Minister of Finance (p. 184).

Since the 1990s, numerous works have examined Chile's economic reforms and their intellectual underpinnings. Chile is widely regarded as the primary laboratory for global neoliberalism, as reflected in the slogan "Neoliberalism was born and will die in Chile," which adorned the walls of Santiago in 2019. However, Edwards refuses to use the term "neoliberal" to characterize the works and ideas of the Chicago Boys who advised Pinochet's reforms, nor does he engage with the historiography of neoliberalism in Chile (Calvo 1979; Fischer 2009; Solimano 2009; Cristi 2021) – even though

the term appears in the book's title. Noting that "neoliberal" and "neoliberalism" have become "bastardized terms, derogatory labels tossed around," he suggests characterizing the Chicago Boys' politics through their self-definition instead (pp. 12 and 78-79). But in exploring the political implications of the Chicago Boys' involvement in the Pinochet government, Edwards expresses discomfort with the extent of their collaboration. Questions about their awareness and approval of the crimes of the dictatorship linger. The Chicago Boys, in hindsight, justified their actions by asserting an impermeability between economic and military activities, framing the management of economic life as a technical, scientific affair rather than a political one (pp. 170-173).

If we take at face value the scientific neutrality of the Chicago Boys, whose actions could have taken place in either authoritarian or democratic regimes, then another approach to the question could have been that of the relationship between technocracy and democracy. The argument of the axiological neutrality of economics was also used by the IMF and the World Bank, as early as the 1950s, to justify collaborations with autocratic regimes in Latin America and Southeast Asia during the Cold War (Simpson 2008; Kedar 2010; Kofas 2001; Heras 2008; Urzúa 1997). This perspective clarifies the surprisingly favorable loan conditions granted by the IMF to Chile after the 1982 financial crisis (Kedar 2018). However, Claudia Kedar pointed out that such "economic neutrality" was not consistently applied: the World Bank and IMF systematically denied loans and debt rescheduling to the socialist government of Salvador Allende (Kedar 2017). These issues remain relevant today as the IMF has just congratulated newly elected President Javier Milei on his "bold initial actions" and encouraged the implementation of his "shock therapy" in Argentina (*The Economist* 2023).

Beyond the "war of ideas," Edwards emphasizes that another proof of the success of the Chicago Boys was the surge in capital inflows starting in 1990. This influx became so substantial that the government of the day had to impose restrictions to prevent currency overvaluation, marking "a radical departure from the tradition in less developed countries, where for many decades the concern was how to avoid capital outflows or 'capital flight'" (p. 185). At this point, the proponents of free-market ideology "declared victory" and gradually withdrew from politics to pursue more lucrative businesses, leaving the management of economic policy to a pro-market, independent administration (p. 273). However, even in apparent triumph, the legitimacy of the first pillar of the Chilean miracle, assessed through economic indicators, faced a deep crisis. Edwards sees in the 2019 conflict a clash of narratives supported by contrasting indicators, "one of success and one of

gloom” (p. 219). Despite a decline in the Gini coefficient from 1987 to 2017 (p. 218), the critique of inequality, deemed the “original sin” of the economic miracle (p. 2), led to a Constitutional Convention dominated by gender, environment, and Indigenous activists. This highlighted the delayed costs and consequences of military socio-economic reforms, especially in the pension system. When the first pensions from the individual savings system designed by the Chicago Boys were disbursed in 2007, they amounted to only about 25 percent of the workers’ final year wages, in stark contrast to the anticipated 75 percent (p. 195). The issue was exacerbated by the fact that approximately 50 percent of Chileans worked in the informal labor market (p. 196). The perception of inequality of opportunity further intensified with the escalation of university fees and household debt, the latter soaring from 25 percent of GDP in 2000 to 53 percent in 2021 (p. 214).

The author acknowledges the potential for divergent outcomes based on different calculation methods and adjusted definitions of income, emphasizing the contrast between the evaluations based on Thomas Piketty’s World Inequality Database (WID) and OECD indicators (pp. 232-233). But this discussion has the potential to delve deeper. An alternative historiography seeks to deconstruct the myth of the economic miracle by shedding lights on the omissions in economic indicators related to the living conditions of women, the most impoverished populations, Indigenous communities, the informal economy, and environmental degradation—all contributing to a skewed perception of economic growth (Carruthers and Rodriguez 2009; Richards 2013; Benería, Berik and Floro 2016; Moreno, Speich-Chassé and Fuhr 2016). Approaching the issue in this manner could enhance understanding of the proposals in the aborted 2022 constitution, which for example included, to the astonishment of Edwards, a provision granting glaciers the right “not to be disturbed” (p. 7). Although this proposal may have seemed “confusing” and “extravagant” to some international observers (pp. 268-269), its intention was to protect fragile ecosystems adversely affected by copper exploration. The dictatorship and subsequent regimes indeed heavily relied on copper production to drive GDP growth – Chile being the world’s largest copper producer, with the industry contributing 10 percent to the GDP. But national accounts and economic indicators fail to account for the non-monetized destruction of value. The adoption of environmental economic accounts and alternative economic indicators could, therefore, reduce the Chilean “miracle” to a “mirage” (Lebdioui 2019).

The enduring misunderstanding among Chilean political factions, speaking incompatible economic and social languages, shows that the neoliberal social project did not win the global war of ideas with the end of the Cold

War. While the reader will appreciate the style of *The Chile Project* and gain valuable insights into seventy years of Chilean political economic history, I recommend approaching this book at times against the grain. It is crucial to bear in mind that the aspirations of those who mobilized to provoke the “downfall of neoliberalism” were more expansive and visionary for the future of the Anthropocene than what Edwards perceived. These aspirations should no longer be antagonized by the narrow lens of economic “efficiency,” “productivity,” “growth,” and the “performance” of social indicators (p. 293), but rather be discussed in perspective with contemporary efforts to reform the international system of economic indicators based on inclusive and sustainable grounds.

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MARVIN SUESSE, *The Nationalist Dilemma. A Global History of Economic Nationalism, 1776-Present*, Cambridge, Cambridge University Press, 2023. Pp. 424. € 35.01. ISBN: 9781108917087. E-book available

Marvin Suesse has produced this excellent book on nationalism right in time. He dissects a crucial notion at the moment of its irresistible return on

the political stage. He does so by the help of an historical analysis, including fundamental ideas from the history of economic thought. The result is an extremely useful book, quite good for research, graduate students and all those concerned with international political economy (almost everybody, given the increasing international tensions). I have to add that I hoped not to assist to the come-back of nationalism, but as here we are, we must be able to handle this notion, being aware of all the connected theories.

The fundamental perspective is that of a global history of economic nationalism. When adding the adjective economic, the term nationalism is not only assuming a specific meaning, but it complicates its story as nationalism and policies have not strict univocal relation. Nationalism is not mercantilism as nationalism became relevant only after the American and French revolutions. Nationalism cannot but refer to *the nation*, a clear concept that becomes unclear when related to practical issues. We cannot say the nation is a social construct, but actual nations owe much to specific selective policies of cultural homogenization and separation. Nationalism is somehow the result of a specific narrative.

Suesse affirms that nationalist economic policies are not a given set but broadly nationalists chose their economic ends from a given set of solutions: *isolation* and *expansion* are the most commonly defined, in variable proportion.

The congruence between *the state*, *the nation* and *the economy* is often problematic. In many cases they do not overlap at all. Nonetheless, isolationist policies may help increase the self-containment of the economy in a state. Suesse calls this the *isolationist motive*, which may have the end of increasing control over the economy. The correspondence of a nation with a state is more complicated and often painful in terms of discrimination or forced assimilation of minorities, or even in terms of expansion of the state to include regions inhabited by people of the same nationality/ethnic group. The appeal is that of identity: a fundamental aspect of our psychology, which may be turned in a paranoid political program.

Suesse records a certain common objective in modernisation or progress, as the political-economy position of Alexander Hamilton and Friedrich List. In general, nationalists venerate the cumulative causation engendered by industrialisation, technological progress and political and military power to increase sovereignty. This produces a certain expansionist motive typical of nationalism, partially conflicting with the isolationist idea. This is what Suesse calls the nationalist dilemma: finding ways to conciliate these two ends. In this regard, we find different theoretical positions, some as Adam Müller, Johann G. Fichte and Adolph Wagner tended to favour isolationism, while List or Max

Weber sought an imperialist policy. We should say that expansionists in history have been more successful as well as more dangerous.

Suesse analyses the interaction between ideas and interests guiding economic and political action. He favours a co-evolutionary perspective in which intellectuals produce ideas deeply affected by the structural context in which they operate. In turn, their ideas often are selectively taken on by political movements and sometimes become embedded in some institution or policy programme. Suesse builds some ideal-type of nationalism intersecting these categories.

The original sin of nationalism is identified in the *American community of the common man*, 1776-1880. Hamilton and Carey are relevant figures of a certain nationalist orientation (also affecting List) furthering national ends. The curious aspect is that USA is and was hardly conceivable as a nation, lacking any cultural and ethnic homogeneity. Suesse analyses in detail the orientation of the various politicians and economists, highlighting aspects that do not normally emerge in economic research. Daniel Raymond, who produced one of the first US texts of political economy (1820) was interventionist and based the idea of nation on that of legal person. That means that “once individuals had formed this political community, they had to abide by the regulatory will of the nation as it expressed itself through majority rule” (p. 29). This underlines the problem of the conflict between individual and national interest, which is at the ground of the nationalist political approach that let the latter absolutely prevail. Then, the *American System* of Henry Clay is discussed as being composed by tariffs, infrastructures and banking. List has been Important in this context as in his *Outlines of American Political Economy* (1827) he underlined the relevance of the idea of nation and declared war against Adam Smith on behalf of the *American System* (p. 34). Again, the nation is a legal person (not an organic being as in romantic-conservative theories) and the global economy is fundamentally seen as a conflicting space. Remarkable is the argument on the introduction of paper money by Carey. Suesse notes how *Harmony of Interests* (1852) considered topics as spatial distribution of economic activity, transport costs, and benefits from agglomeration that have been seldom discussed by economists before 1990s (p.39).

The second thematic section is dedicated to the development of the *National Economy* in Continental Europe 1789-1860. The leading figure in French nationalism presented here is Napoleon. Saint-Simon was fundamentally an industrialist asserting the relevance of administrative allocation for technological progress. The dominant figure is List, even if Suesse also analyses nationalistic romanticism. The latter had an input from linguistic

studies of Herder as romantics assumed that language is a fundamental driver of identity. Müller and Fichte are understood in this *romantic conservative nationalism* in opposition to List's *progressive nationalism*. The latter is analysed very well, underlining the focus on trade and the insufficient expansion of education, infrastructure and credit, which had a central place on his theory of (late) development. Enormously interesting is the case of Hungary and Poland attempting to adopt List's suggestion. This opens the debate on how the boundary of a nation is best defined. In any case, I consider the breaking up of the Austrian empire a contradictory event for both nationalists and liberal theories, for different reasons.

The third section on the globalisation of the nation 1861-1913 mentions a variety of issues. Germany at the end of the XIX century became more aggressive. Suesse cites Max Weber speech of 1895 in which he based his nationalism on a social-Darwinian view applied to nations (we may conceive it as a *value laden* positive approach to international political economy, nonetheless social darwinism remains fundamentally a British product). The difference between US and German nationalism is that the former is fundamentally based on the preservation of the home community (and a set of specific values), while the latter became aggressively expansionary. The case of Mitteleuropean and Balkans' conflicts is analysed in detail as well as the cases of Ireland and India. In the latter case, Suesse introduces the peculiar notion of *cosmopolitan nationalist*, due to the context of the British empire (p. 97). The ideas of the Indian economist M. G. Ranade are presented starting from his 1892 lecture on *Indian Political Economy*. Then the statistical work of Dadabhi Naoroji with his *1500/40* symbolic depiction of the effects of trade with Britain are an interesting case of literature on unequal development (1500 were the pounds sterling drained from India and 40 was the annual average Indian income in shillings). The cases of Japan, Russia and the Ottoman empire are referred to as List's bitter triumph and discussed comparatively.

The fourth section focusses on inter-War years of generalised nationalism. Britain is also said to depart from its traditional advocacy of free trade. In this part of the Nineteenth century, the economic discourse becomes more complicated due to the intersection of various macroeconomic insights connected to economic and financial stability, which I would not connect to nationalism. Keynes is accused of nationalism in his Dublin lecture on national self-sufficiency in 1933. The study of German nationalism is an easier task, even if a greater effort should have been placed in dissecting racist and anti-semitic motives from the nationalists. Othmar Spann and Werner Sombart are illustrated, even if in a partial way. In particular the obscenities in Sombart' thought are a bit emphasised to the point that his

thought remains a bit distorted. Sionistic and Chinese nationalism are further approaches well-analysed in a specific chapter. Italy, Brazil and Romania are merged comparatively in another chapter. Here some limits of connecting political nationalism and economic nationalism emerge. In fact, liberal economists as Pantaleoni adhered to fascism as well as liberal governments even before the First War were clearly nationalistic and imperialist.

The sixth section is about the post-Second World War era and the nationalistic ideas are identified in development economics. Little is however said on the structuralist approaches. The focus is more on politics with the Peronist regime of Argentina and Nasser's Egypt playing a major symbolic role. A chapter is dedicated to socialist nationalism in Ghana and Tanzania. A final chapter is focussed on export-led regimes of the South-East Asia, particularly looking at the MITI policies, which constituted a reference for all.

The seventh chapter is on the incomplete building of the global economy from 1979 to 2001 (I would have set its end in 2008). It includes an excellent account of the breaking up of the Soviet Union in somewhat aggressively nationalistic republics, which explains perfectly the present tensions in that area. It also proposes a detailed history of post-Mao China, with its turn toward "wealth and power" and Malaya.

The last section is dedicated to present day populism, with a particular attention to Trump's *America First* and Brexit, plus an analysis of Bolivia "resource nationalism". Some further attention is paid to Chinese *techno-nationalism* and to the Indian *Swadeshi* movement. Suesse argues that after the Second World War the US considered globalisation as proceeding in line with their own interests due to the strong position of American manufacturing in world markets. Such consensus started to fall in the 1980s when the Japanese success caused some difficulty to the US economy (p. 309). Gradually, some part of US élite started to perceive a trade-off between globalisation and internal social justice and sovereignty. Therefore, the book ends where it begun, with US political economy.

Suesse tries to find some regularities in the unfolding of the different nationalisms, expansionist and isolationist, putting them in relation with inequality. He also notes the self-reinforcing nature of nationalistic politics. In general, I perceive a certain divorce of politics from economics in the last century compared to the XIX century. As a consequence, Listian ideas remain protagonist of the book up to the present.

Nationalism is a dangerous game. It has simply become the modern strategy for consent, an instrument corrupting democracies, useful to reduce the freedom of the many to let the economy develop for the announced

advantage of all, actually of some élite. Reading this excellent text, we find nationalism a bit everywhere. I have just some perplexity on the absence of British nationalism, at least connected to imperialism. We should not forget that Adam Smith's *Wealth of Nations* in any case pointed at *the nation* and not to individuals, production systems or communities: it introduced methodological nationalism that was less evident in many contemporary texts of liberal political economy. Britain is said to depart from its traditional advocacy of free trade when losing dominance. The problem is that when a country has an economic supremacy, it appears as having a cosmopolitan attitude also in the eyes of its followers. That reflects also on economic theories of dominant countries that are always liberal (e.g. US passing from institutional to neoclassical economics after WW2). Moreover, we should not forget that free trade was imposed by Britain with force and that it was not so free from the perspective of its domains. Therefore, latecomer élites are more vociferous in nationalistic sense.

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ANTONIO CALAFATI, *L'Uso dell'Economia. La Sinistra Italiana e il Capitalismo*, Recanati, In-Corso-d'Opera, 2023. Pp. 164. € 18.00. ISBN: 978-88-947686-0-2

This booklet is extremely interesting for economic historians, political scientists and also for historians of economic policymaking. The three disciplines are well integrated and balanced to achieve a unitary discourse on the impact that the theory-in-use of the political party of the left (PDS, PD) had on the history of Italian reforms. The topic is the dismantling, after 1989, of the model of *social capitalism* in the name of *free market* fundamentalism. All this is studied in the case of Italy, with some spot on the rest of Europe in the post-War period. Although it deals with some specialistic knowledge, the style makes it accessible to a wide public. It may be interesting for didactic purposes at any level as well as it represents a stimulating scientific topic to be debated widely as it is original and provocative, going deep into the hot political issues.

Antonio Calafati assumes 1987 as an important date for European capitalisms: the publication of *Our Common Future* by the UN, that should have inspired a reform of *social capitalism* to incorporate environmental

protection in its institutions. Instead, with the fall of Berlin Wall in 1989, everything changed igniting a regressive tendency that progressively dismantled the institutions of *social capitalism* in favour of free markets. According to Calafati's interpretation, the last thirty years of policy-making have been informed by *scientism*, *technocracy*, transformism and propaganda in favour of the market society and the protagonist of all that have been the reinvented left-wing parties, after the demise of communism. Organic intellectuals, mainly economists, have assumed a relevant role in this redirection of the left. The title of the book just refers to the *use of the economy* they have done to confine democracy in a narrow corner.

Capitalism usually takes the shape institutions give it. If we do not totally undermine some basic institutions as property rights (which could nonetheless be limited) or economic freedom, we can make capitalism work in the direction that democratic decisions desire without endangering its performance. In fact, many models of capitalism existed, depending on fundamental democratic compromises and on the different informal norms of each country. There was no need that the market had to regulate all spheres of production and exchange. Mixed economies worked relatively well with reasonable performances and equality. Calafati argues that both liberals and marxists mystified the characters of capitalism. Free-market liberals affirm that capitalism displays the ability to self-regulate and self-legitimation face to democracy, when markets are left free, which, however, has no empirical confirmation. Calafati divides the free-market paradigm in two fundamental streams: a) the *scientist* version, adopted by Italian left parties; b) the *metaphysical* vision, that is more conservative and often related to the world-view of Hayek. The history of the *scientist* stream develops in the 1930s and 1940s thanks to the mathematization of social sciences. According to this view, that sees in Samuelson one of the fundamental scholars, institutions are irrelevant or even damaging economic processes.

After 1989 the Italian left needed a new interpretation of capitalism and it surprisingly chose the scientist free-market perspective. It was not obliged to do it. A full variety of progressive visions of capitalist existed, in particular, Social/Ethical Liberalism, Institutionalism or Post-Keynesianism, Neo-Ricardianism. It chose that economic world-view driven by its intellectuals and the consequence was a ruthless and inhumane rhetorics that drove the reforms from the 1990s to the end of the 2010s. Moreover, the said alternative approaches have been subject to a pervasive and hysterical *cancel culture* in Academy since then.

Calafati discusses the history of capitalism and the evolution of institutions from this perspective. The most original account is that of *social*

capitalism - given that we are cognitively addicted to the “dysfunctional” status officially attributed to past Italian capitalism. *Social capitalism* derived from some democratic compromise between the interests of capital and labour emerged after the Second World War. Calafati’s interpretation derives from Polanyi’s double movement: democracy mended the instability of capitalism with a set of institutions that reached the aim of reducing uncertainty for all and limiting inequality. Keynesianism supplied the theory that helped understanding the role of a stable demand, but it was mainly institutionalism that provided some interpretive framework for policymaking. Automatic redistribution, thanks to progressive taxation and pension schemes, was responsible to achieve a socially viable economy. Finance was kept under control (maybe we can say “repressed”, but functional). The labour market was kept far from being an individually competitive market thanks to collective contracts and negotiations. Calafati also adds some interesting interpretation of the history of land regulation. Concluding, *social capitalism* kept a good balance between market and non-market economic processes, also assuring a good level of growth. Nonetheless, it failed to incorporate the ecological question. It was expected to shift the focus from growth to development and to include ecology, but in 1989 it abandoned the social dimension to regress to an ideological market fundamentalism.

After 1989, the *élite revolt* exploded, and the left produced the said bewildering metamorphosis toward a market fundamentalism-inspired party with its odd theorisation of the separation between the economic and the social dimensions. Technocracy became the ideal form of government to bypass democracy: the competent specialists that dismantled the disturbing institutions of *social capitalism*. Most of the reforms performed in Italy from the beginning of the 1990s up to the Renzi government (Draghi failed to produce something relevant during his government) have been shaped by that view, fully supported by the left. Calafati attributed most of the responsibility of this situation to intellectuals (the *betrayal of the intellectual élite*) because, as Keynes said, (wrong) ideas are more dangerous than vested interests. Interestingly, Calafati records how, after the crisis of 2007-08, the left was even unable to develop some critical thought on financial markets. Therefore, this book is a well-documented and bitter story of the cognitive bankruptcy of *progressive scientific liberalism* that the author claims has led to a deep moral failure.

Calafati produces some intellectual history, placing in a coherent place scholars from Adam Smith to Benedetto Croce, from John Galbraith to Lash and from Robert Paehlke to Robert Reich. His interpretation of the connection

between theory and conception of political reforms is a fundamental issue for the historian of ideas. His narrative of the historical evolution of Italian politics is sound and convincing. Obviously, different interpretations may be proposed, but this view is far more solid compared to the mainstream “insufficiency of reforms” (that we need more and more of the same medicine that is not working). A more complaisant narrative could be that we have conformed our capitalism to Europe (or to the US). The social dimension should then have been rebuilt in Europe, but that never happened (Solari, 2020).

Looking at weak points, the idea of democracy is a bit over-simplified. The creation of political compromises is not always a production of democracy, often force and the need of collaboration are more directly driving institutional solutions. A point that is a bit under-developed is the fact that this shift towards free-market scientism happened everywhere in Europe. All European socialist and social-democrat parties underwent such transformation, while finding inspiration in their policies in the US Democrats. Did they become silly servants of a disoriented US élite? or was it the effect of the education of élites in the US universities? This is some good issue for future historians.

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MICHAEL FREEDEN, *Liberalismo*, Introduced by Maurizio Serio, Rubbettino, Soveria Mannelli, 2023, pp. 156. € 17.10. ISBN: 9788849874457

“What was it? I don’t know. When you don’t know what it is, then it’s jazz”. This is one of the more evocative passages in *Novecento* (Twentieth Century), the novel by Alessandro Baricco. Okay, a reading of Michael Freeden’s essay, *Liberalismo* (*Liberalism*), seems to inspire the same sentiment: everything that has to do with the implementation of the ideals of liberty, justice, peace, reason, rights, emancipation, and so on, becomes part

of a system of thought which, mixed together masterfully like a good cocktail, ends up by assuming the attribute of 'liberal'. Thus, liberalism appears as something indefinable, the easy prey to whoever cannot or does not know how to give a coherent definition to the theoretical school of thought which lies at the basis of any and every political system.

The first edition of this book was published in 2015 by the Oxford University Press. We are writing about it today because it has recently been translated and published in an Italian edition by the Rubbettino press. It is a fine edition, edited and provided with a thoughtful and rich introduction by Maurizio Serio. The book consists of seven chapters: 1. A house of many mansions; 2. The liberal narrative; 3. Layers of liberalism; 4. The morphology of liberalism; 5. Liberal luminaries; 6. Philosophical liberalism: idealizing justice; 7. Misappropriations, disparagements, and lapses. The book ends with a bibliographical note.

We intend to begin with the introduction to the Italian edition which offers a brief intellectual *identikit* of the author who is otherwise well known to the students of political thought for his works on ideology. As Serio writes, in his many decades of experience as a student of political thought, Freedon (London, 1944) never allowed himself to be tempted by the sirens of reductionism, that attitude with which one ends up getting stuck in the corrals of one's own discipline. A place, we may add, which reassures the scholar with regard to the extent of the problems but which claims to cage the answers within preestablished schemes, thus compromising the process of knowledge which is the unique and authentic objective of every scientist. To paraphrase Karl Popper, there are no disciplines, only problems: "We are not students of certain subjects but, rather, of problems". Therefore, there are no disciplinary cages or corrals since the problems transcend the borders of every subject.

This epistemological context is where Freedon's analysis of ideology should be placed. Following his definition, it would be a

set of ideas, beliefs, values, and opinions, exhibiting a recurring pattern, that competes deliberately as well as unintentionally over providing plans of action for public policy making, in an attempt to justify, explain, contest, or change the social and political arrangements and processes of a political community [body of ideas, beliefs, values and opinions which present a recurrent scheme, and which compete with one another, intentionally or not, in providing plans of action for the definition of public policies in the attempt to justify, explain, challenge or change the social and political assets and processes of a community].

In brief, Freedon declares, ideologies function as systems in mutual competition for the "control of political language" since whoever conditions

public discourse acquires a not insignificant power over the dynamics of a society. In this way, for the Author, ideologies are not, at least in principle, a distortion of social reality, even if, in some cases, they can become such; rather, they represent a device which enables the interpretation and the revelation of the preferences for some political systems over others. In the end, Freeden emphasises, ideologies are not necessarily closed and dogmatic systems; they can very well be flexible and undergo continual mutations as they adapt to new social problems.

After this necessary epistemological preface, we move on to the analysis of the very heart of the volume which consists of the representation of liberalism as an ideology. As such, liberalism too is revealed as a complex system of ideas, values and beliefs and concepts which Freeden draws from the magma of liberal interpretations as points of reference for orientating oneself among the ideologies, for discerning which ones are liberal and which are not. Freeden identifies seven concepts: liberty, rationality, individuality, progress, sociability, general interest and limited and accountable power. Freeden's thesis is that this ideological system is something other than rigid to the extent that it becomes impossible to speak of liberalism as of a homogeneous political, economic and cultural theory. On the contrary, as we touched on at the beginning of this article, the picture we have of liberalism depends decisively on the way in which the above seven concepts are combined with one another. This is the so-called morphological interpretation of liberalism with the conviction that all the variants of liberalism which have emerged in history present, in different degrees, the seven characteristics listed a little earlier since "the morphology of ideology [is] plastic and malleable over time, space and the contingency of events".

Such a morphological structure would render liberalism an open and inclusive system; in fact, to be precise, for Freeden, it has the potential to be considered the open and inclusive ideological system *par excellence*, without thereby throwing open its gates to the enemies of liberalism. Freeden writes about this in another essay of his entitled *Democracy and Paternalism*:

We are aware that all ideologies, liberalism included, have non-negotiable components; that is to say, they are dogmatic on some issues that concern them deeply because, absent those issues, the identifying features and values of that ideology are compromised. But being dogmatic is not the same as being authoritarian and certainly not as being illiberal. Rather, it is to establish red lines beyond which an ideology will not tread [we know that all ideologies, including liberalism, have components that are non-negotiable; that is, they are dogmatic about some questions which concern them profoundly because, in the absence of

such questions, the identifying marks and values of that ideology are compromised. However, to be dogmatic does not mean authoritarian, let alone illiberal. It is more a question of establishing red lines which an ideology cannot cross]

this is another echo of the words of Popper for whom the open society is open to all, except the intolerant. In short, the open society is not an exposed society, defenceless against its enemies, internal and external. Moreover, the same consideration also invites us to a careful analysis of “the Paradox or Dilemma” of Böckenförde, the German constitutional judge, Ernst-Wolfgang Böckenförde, according to whom “the liberal, secularised State lives on presuppositions which it cannot guarantee”. So, although this can appear distant from Freedén’s cultural spectrum, the idea maintained by the latter that there exists something non-negotiable in the system of liberal thought, even its most *radical* and progressive variants, reproduces “Böckenförde’s Paradox” in all its relevance for today.

Freedén’s morphological interpretation of liberalism combines the seven categories already cited with five “temporal layers” in which those categories have been implemented, producing the variants of liberalism which have occurred in time and space. The meeting point between concepts and temporal layers manifests the intensity of the individual categories and the way in which they combine in a determined geopolitical area. From the meeting of the seven categories with the five temporal layers arise the many and, sometimes, irreducible liberalisms. Irreducible to such a point as to be ‘excommunicated’ from one another, as Freedén himself ends up doing elsewhere in dealing with so-called neoliberalism, which, in his opinion, is one of the expressions of the so-called “Unfortunate appropriations” in the question of liberalism.

The *first temporal layer* picked out by the author identifies the development of theory of limited power, and its trailblazer is represented by the “proto-liberal”, John Locke. The *second layer* contains a conception of the market as a system that optimises individual benefits through the arrangement of the market. This *layer* needs to keep under control possible interventions on the part of the political agent that are not in accordance with the market as an element disturbing the spontaneous order and impeding the related transfer of information which carries individual preferences. Here, the figures of Adam Smith and Richard Cobden emerge. The peremptory nature of the system which would arise from the *second layer* would be moderated by the consideration the individuals have for one another, and this is the *third layer*, represented by John Stuart Mill. It will be precisely the

primer of this stage that will enable Freeden to introduce the *fourth stage* which is also described by our Author as the *layer* of “liberal paternalism” or “social liberalism”, typical of the Victorian, Edwardian and Georgian ages whose most eminent interpreters are Atkinson Hobson and Leonard Trelawny Hobhouse. This is the *layer* which theorises that it is the State’s duty to provide the necessary support for individual liberties and the common prosperity by recourse to social policies of primitive welfare. Furthermore, Freeden reckons that this is the *layer* where liberalism arrives at the conception of a different idea of the State which moves from being a nighttime policeman, typical of the “individualistic liberalism” of the *first layer*, to acting as a *virtual father* who accompanies individuals from the womb to the tomb.

At this point, it could be objected that the very fact that a fundamental agent like the State is no longer perceived in the same way, even by being able to replace the action of the individual agent, has modified liberalism genetically to the point of rendering it something so different as being unrecognisable as such. Freeden is not of this opinion. His view, instead, is that liberal universalism is not being challenged, just stated differently. From here the passage from “classical liberalism” to a “new liberalism”, with the same characteristics but where each of them strikes with a different intensity.

The advent of the “new liberalism” introduces us to the *fifth layer*, the one predominant in the present day where even liberal universalism appears under fire from the critics, besieged by a plurality of ethical visions that are mutually incompatible but all of them attributable to a common liberal matrix. This *layer* is characterised by the claims of minority identities and the recognition of the demands of particular groups. It is along this road, Serio writes in his introduction, that “liberalism runs the risk of being transmuted into a *cold passion*, losing more supporters than it intends to gain with its inclusive pose” and, Freeden declares: “one of the main weaknesses of liberalism is precisely the difficulty into which it falls in arousing in the public, through rhetorical language, those emotions which are shown to be so efficacious as the basis for the recruitment and reinforcement of many other political movements and ideologies”.

It is not difficult to grasp that the Author’s preference lies in the direction of the *fourth layer*, the solution of the “new liberalism” as the evolution of the social and paternalistic character of liberalism compared with its individual nature which is much more marked in the classical liberalism of the *first layer*. As well as opposing “new liberalism” to the “neoliberalism” of a Hayekian matrix, Freeden also points out the moral superiority of the former compared with the latter, imputing to neoliberalism a kind of

conservative and contradictory regression with regard to the internal movement of liberalism whose aim, writes Freeden is that of “revitalising the public sphere”, rather than “protecting the strengths of the private sphere”.

At this point, we limit ourselves to noting that, in Freeden’s position here, we glimpse a certain aporia with respect to the methodological premises since a certain finalism would appear to be emerging within the liberal project. Here, the defence of individual rights from arbitrary power, typical of classical liberalism, appears only as the first step of a journey whose end would be the birth of a powerful authority, responsible for the well-being of the individual, and its form would be that of the *welfare state*. As Serio declares in the introduction, it follows that: «whatever the other outcome of liberalism, it cannot be other than a manifestation of its crisis», despite his previous affirmation that there could be so many variants of liberalism and none would have the monopoly of claimed conformity to the model taken in its ideal purity. As for finalism within liberalism, Freeden writes: “The unfolding of the liberal age is not predetermined or teleological, that is, it is not moving inexorably towards an expected end, as may be the case with some socialist or utopian ideologies. Rather, it is indeterminate”.

Freeden’s volume has the merit of confronting us with an enormous problem which involves the very survival of the Western liberal democracies, tackling the question of what it means to be a liberal today and calling on us to investigate the motives which animate the enemies of liberalism and the sentiments of those who have challenged it and are determined to bring it down: the demands of the so-called *illiberal democracies*. Thus, we believe that Freeden’s book should be read in parallel with that of Francis Fukuyama: *Liberalism and its Discontents* in which Fukuyama reaffirms the principles of the liberal political theory in the face of the accusations which have been made against it both by conservative and progressive groups. The political scientist maintains that the rationale for a political order based on liberal principles is to be looked for in the moral, political and economic fields; a rationale which makes it preferable to any other option that can realistically be achieved.

We believe that the rationale for liberalism is of the of the epistemological, moral and economic orders; it is a system which, in Freeden’s eyes, can be interpreted as an ideology without understanding this term in negative terms. On the epistemological front, liberalism is a theoretical system which adopts the scientific method: problems, conjectures and refutations. In this respect, the liberal conviction is that, just as in the scientific debate, so too in the political and economic arena, the good ideas

can prevail over the bad ones through critical discussion, the market and democracy. The second order of reasons is the moral one: a liberal society protects human dignity, guaranteeing citizens an equal right to autonomy, to deciding responsibly how to live. Finally, there are the reasons of an economic order. The peculiar feature of every form of liberalism is the defence of the rights of property and the recognition of personal responsibility in buying, selling and investing in a market economy. What entrepreneur would risk his own money in a business venture without the certainty that it would not be expropriated? For this reason, it is necessary to have a clear and certain juridical order which regulates competition, independent tribunals and the power which enforces respect for their sentences.

If this is the rationale of liberalism, at least in its classical version of the *first* and *second layers*, then, in order to understand the way of escape from the criticism of the *fifth*, we have to make a careful analysis of its critics who come from both the right and the left. On the right, the principle of autonomy has been interpreted as the absolute refusal of any form of economic regulation while, on the left, as a claim for the approval of lifestyles which all, legitimately, do not share, in the name of a *politically correct* and *woke culture* that is increasingly intolerant. These two forms of liberalism which are mutually exclusive have clashed with the reality of a society which has been exposed as poorer and wounded by injustices perpetuated by political, economic and cultural oligarchies that are corrupt and untouchable. Hence what Fukuyama calls the “knockback” and Ivan Krastev and Stephen Holmes have called the *mirroring effect*: the source of the populist and sovereignist movements which threaten liberalism.

In order to confront this situation of crisis in liberalism, we must consider that at the base of the “liberal plan”, as Deirdre McCloskey argues in *Why Liberalism Works: How True Liberal Values Produce a Freer, More Equal, Prosperous World for All* (2019), we have the principle of equality: the idea that no human being has come into the world to dominate another. This is what Richard Rumbold, an English *Leveller* of the XVII century, expressed in a famous speech: “I am sure there was no man comes into the world with a saddle upon his back, neither any booted and spurred to ride him”. Liberalism demolishes the idea that there exists some group or race or class able by nature, and so called by destiny or providence, to lord it over others.

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PAOLO SAVONA, *Lo sviluppo economico italiano: cicli, shock, politiche e tendenze. Seconda lezione Ugo La Malfa, Soveria Mannelli, Rubbettino, 2023. Pp. 84, € 14.00, ISBN: 9788849878998*

On 16 November 2023, in the classroom of parliamentary groups of the Chamber of Deputies of the Republic of Italy the Foundation Ugo La Malfa hosted the lecture of Paolo Savona, who is the President of Consob, the public authority responsible for regulating the Italian financial markets, since 2019. The first lecture of this series was held by the President of the central bank, Ignazio Visco, and published by Laterza. Savona's speech, in a revised long version, was printed by Rubbettino. Savona was born in 1936 and has a unique career in the institutions of politics, finance, and business (Savona 2017). After his *Laurea* in economics, he was recruited by the studies centre of the Bank of Italy. He was sent to the Massachusetts Institute of Technology to specialise in monetary econometrics under the supervision of Franco Modigliani. Here, Savona knew Giorgio La Malfa, the son of Ugo, who was the then leader of the Italian Republican Party – a small but influential, secularised, and social-liberal centrist party. Savona and Giorgio worked together to quantitatively determine the predictive power of the yield curve in the Italian economy, with reference to the historical period from 1958 to 1966 (La Malfa, Savona 1967). The “cultural partnership”, including Jan Kregel and Enzo Grilli, has its “top expression” (Savona 2023, note at p. 8) in the attempt of “updating the 1962 *Nota aggiuntiva* of Ugo La Malfa, that is the more serious reflection on the future of the Italian society” (*ivi*). Savona is therefore considered a technician endowed with a social-liberal ideology.

In 1976, Savona resigned from the Bank of Italy for the chair of economic policy at the University of Cagliari. Successively, he moved to the Pro Deo University of Rome, which successively became Luiss University. Savona was the favourite collaborator of Guido Carli, the central banker from 1960 to 1975. In fact, when Carli moved to lead as President the Italian Entrepreneurial Association, he wanted that Savona was nominated the Secretary. Moreover, Savona served as the general secretary of the Ministry of Economic Programming guided by Giorgio La Malfa from 1980 to 1982, the Minister of Industry of the technical government led by the past central banker Carlo Azeglio Ciampi from 1993 to 1994 as well as the Minister of European Affairs of Giuseppe Conte populist cabinet from 2018 to 2019. On the other hand, Savona assumed prestigious positions in the board of directors of big enterprises as well as the editorship of scholarly

journals. However, in 2018 the President of the Italian Republic, Sergio Mattarella, neglected Savona's nomination as Minister of Balance (including the Treasury) because of his public critiques concerning Italy's adhesion to the European integration process, with a special reference to the adoption of euro. Savona's 'exit strategy' hypothesis was considered inadmissible by the highest authority of a founding member of the European Community. In any case, it is widely recognised that Savona is an intellectual that has original ideas, develops solid arguments, and does not be afraid to challenge the mainstream.

The volume is structured in nine synthetic chapters where the author combines theoretical thinking with empirical evidence. The data are the products of Savona's elaboration of the official statistical reports. Chapter 1 reviews the economic history of Italy with a special reference to the 16 shocks that occurred from 1951 to 2023. They are: Corean war (1950), European single market (1957), electricity nationalisation (1962), monetary restriction (1963), social conflicts (1968), end of Bretton Woods agreements (1971), oil shock (1973), Berlin war fall (1989), Maastricht treaty (1992), end of state-owned system (1993), WTO creation (1995), euro system (2002), great recession (2008), covid pandemic (2020), productive recovery (2021), Russian-Ukrainian war (2022). The focus of analysis is on the variable called 'terms of trade': innovative investment, organisational decisions, and expectations. Chapter 2 argues why the 'terms of trade' successfully serves as the explanatory variable for the case of Italy, which is a mixed economy in a regime of civil law. Chapter 3 explains that Italy has sufficiently coped with the shocks, independently from their internal or external origin. However, the rate of growth has not been compatible with the identified objectives of full employment and welfare. Chapter 4 studies the political instability that marked the so-called First Republic (from 1946 to 1993) and the consolidated tradition of all parties to neglect the importance of financial and monetary stability. Savona points out that the Keynesian fiscal thought is "present in the utility function of almost all parties" (Savona 2023, p. 39) but is applied only for social needs. In fact, in Italy public investment does not create political consensus. Moreover, state intervention is guided by the public administration, which has even "its own interests" (Savona 2023, p. 40). Chapter 5 examines the economic knowledge and orientation of the most influential political leaders of the Italian Republic. Savona explains why the politicians have utility functions that differ from those of the economists. The conflict of interests is a characteristic trait of policymakers. Chapter 6 studies the role of the rating agencies in relation to the evaluation in the financial markets of the public debts. Savona highlighted that Italy has significantly increased the level of

taxation and has relevantly augmented the public debt stock. Chapter 7 treats with the contemporary problems of the Italian economy: no competitive markets, wage policy no correlated to productivity, low technological investment, and public expenditure for current needs. Chapter 8 distinguishes the peculiarities of the private and the public sector with a special reference to the logic of investment. The former is connected to the competitive boost (efficiency, innovation, expansion), the latter to the consensus (assistance culture). Chapter 9 analyses the cryptocurrency markets and the unpostponable exigency of their regulation to avoid a new financial crisis.

Therefore, Savona's work is finalised to examine the case of Italy in the perspective of increasing the gross national product, which is conceived as indispensable for the 'social development'. This concept includes human, cultural, economic, financial, and relational aspects. Savona contextualises the 'social development' of the case of Italy, which is characterised by the postwar export-oriented economic model and the population's demand of social protection. In the author's view, the recent phenomenon of fourth capitalism, which is driven by the medium-size innovative firms, is a good example of 'social development'. The fourth capitalism proves the capacities of Italian entrepreneurs to compete successfully in the international markets even if Italy has not supported the exports with a competitive devaluation of the currency since its adhesion to the euro. On the other hand, Savona recognises that the diffused demand of social protection limits the affirmation of capitalism. The Italian people culturally prefer public assistance to investments as well as short-term to long-term well-being. In their culture, the idea of labour exploitation is considered as the cause of an "unequal distribution of income and wealth" (Savona 2023, p. 77). Until now, the stability of the economic system has been guaranteed by the extension of the public debt and the increase of the level of taxation. The authoritative reports of the rating agencies have got worse the situation of public finance because Italy had to increase the interest rates for finding the financiers of its public debt. However, Italians usually invested in the state bonds because they trust the sustainability of the country. This popular attitude reduces the risk of default for international speculation. I personally praise Savona's social, political, and cultural contextualisation of his economic thought and policy proposals.

Finally, Savona thinks that Vilfredo Pareto's categories of interpretations of reality are suitable for the case of Italy. Pareto introduced "the residuals and derivations, conceiving the former as the result of the popular cultural traditions, where the ignorance of the competitive market constrains plays an important role, the latter as the logical instances that politics advance" (Savona 2023, p. 79). In Savona's view, the only remedy to revise this culture

is a “rigorous programme of education” (Savona 2023, p. 79). Recently, the politicians largely agree with the necessity of introducing economic knowledge in the school system. I think that this diffused dissemination of ideas could render the Italians more aware of the real difficulties of their country as well as of the potentiality of the various instruments to cope with them. The University faculty could play a role focusing the research to the political agenda and contributing to the public debate using the contemporary media of communication. The academic scholars should propose a realistic approach to solve concrete problems avoiding propaganda. I doubt that this effort could take place if the incentives for academic career continue to be focused on supreme specialisation in micro-fields.

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GUIDO FORMIGONI, PAOLO POMBENI, GIORGIO VECCHIO, *Storia della Democrazia Cristiana 1943-1993*, Bologne, Il Mulino, 2023. Pp. 720. € 38.00. ISBN: 978-88-15-38764-6

This volume counts 713 intense and well-referenced pages that explain the origins, the rise, and the fall of *Democrazia Cristiana* (DC), which was interruptedly the majority party in the Italian Republic from 1946 until 1993. Consequently, Christian democrats indicated all the Prime Ministers of the so-called First Republic. The only exceptions were the republican Giovanni Spadolini (June 1981-December 1982) and the socialists Bettino Craxi (August 1983- April 1987) and Giuliano Amato (June 1992- April 1993). In 1993 the then central banker, Carlo Azeglio Ciampi, was nominated Prime Minister to lead a technical government to rescue the country from a serious financial and political crisis. The so-called Second Republic conventionally started contextually to the 1994 general political elections.

As DC was the fulcrum of the political system of the so-called First Republic, it is “substantially impossible to clearly distinguish the political history of the party and that of the Republic ... the party continuously experienced the consequences and effects of its guide-role of Italian history” (p. 583). The intertwined histories of DC and Italian Republic derive from the equilibria of power after the WWII. At the international level, Italy adhered to the western model based on political democracy and free market economy and was a founding member of the European integration process. This ‘external constrain’ rendered unique the Italy compared to the other major western-European partners. As the Italian Communist Party was the only other political force of mass, the ‘external constrain’ foresaw that the communists had not to directly govern the country (differently from the regions, provinces, and cities) because, at the international level, they referred to the eastern model based on authoritarianism and economic planning. In other words, in Italy there was not substantially the possibility of the application of the principle of alternation that characterises the political democracy.

In their high-quality and systematic publication Guido Formigoni, Paolo Pombeni, and Giorgio Vecchio go through the history of DC with a special reference to its organisational structure, internal conflicts, and ideological controversies. Their work is based on a wide and sound archival material. The authors classified eight seasons of DC’s history: the postwar period (1946-48), centrism (1948-54), new generation (1954-63), organic centre-left (1963-72), centre-right (1972-73), new centre-left (1973-76), historical compromise (1976-79), five-party coalition (1979-93). They highlight the personal and political characteristics of the DC’s most important leaders: Alcide De Gasperi, Amintore Fanfani, Aldo Moro, Giulio Andreotti, Arnaldo Forlani and Ciriaco De Mita. In my opinion, the book fills a gap in the scholarly literature because the academia has tended to neglect the role of Christian democrats in the economic development of Italy. This underestimation could derive from a lot of reasons. I think that one of the motivations derives from the fact that most of the Italian scholars have a progressist ideology and are therefore not interested to the role played by a founding party of the European People’s Party in 1976. Further, DC disappeared in the political scenario because of a series of corruption scandals and a web of criminality connections. The public opinion just today has in mind the final deteriorated image of this political force forgetting its crucial role for Italy’s postwar reconstruction and Europeanisation. Moreover, the culture of Christian democrats is complex and variegated. The belonging to the same party for a half of a century is due to the obedience of the Catholic believers to an explicit order of the hierarchy of the Roman Church. After the WWII, the Pope Pius

XII feared the confiscation of the temporal goods of the Church and the imposition of atheism if the Communists would have taken the power. In this perspective, the Catholics are called to stay together and unite their resources and commitments although they have deeply different sensibilities on the priority scale of implementation of the principles of the social doctrine of the Roman Catholic Church: solidarity vs subsidiarity, state interventionism vs social market economy, distributive justice vs property right, common good vs personal flourishing. Not only at the beginning but throughout its history, DC was supported by popes, cardinals, bishops, and priests. However, the initial collateralism turned in a vaguer support over the time. The conservation of the unity is connected to DC's capacity of balancing conservative liberalism à la Alcide De Gasperi with social reformism à la Giuseppe Dossetti. The synthesis was a sort of a 'third way approach' that emphasised human liberty in a context of Christian solidarity (Magliulo 2022). In the DC's symbol, which was constituted by a white shield marked by a red cross, we find only one Latin word: "*Libertas*" (liberty). If we go back to the foundational principles of DC, we understand that the concept of liberty of Christian democrats has several commonalities with the tradition of classical liberalism but also several differences from a viewpoint of political economy (Solari 2023). In any case, the book does not deeply analyse the contribution of the economic arguments of the organic policymakers. This is a topic that would be probably worth of an additional analysis. I mainly refer to the theoretical and practical contribution of the Ministers of Treasury Ezio Vanoni, Giuseppe Pella, Paolo Emilio Taviani, Mario Ferrari Aggradi, Emilio Colombo, Beniamino Andreatta, and Giovanni Goria. To this list of DC's official members, I think that we should probably add Gustavo Del Vecchio, Guido Carli, and Piero Barucci. They were formally independent from DC, but they were nominated as Ministers of Treasury because of the will of DC. They served from May 1947 to May 1948, from July 1989 to June 1992, from June 1992 to May 1994, respectively.

Indeed, the style of analysis of the volume renders evident that the three authors are outstanding contemporary historians, but they are not historians of economic thought. They in passing approach to DC's economic ideas and policies. In the professional literature, I only remember a special issue of *Il Pensiero economico italiano*, edited in 2021 by Antonio Magliulo and Sebastiano Nerozzi, that examines this topic according to a technical approach. However, the fact that Formigoni, Pombeni, and Vecchio's as well as Magliulo and Nerozzi's publications are in Italian constitutes a limit for the dissemination of this specific field of knowledge in the international academic community. On the other hand, in Formigoni, Pombeni, and Vecchio's work

we can find several very interesting insights for a historian of economic thought and policy. Consider, the following passage in reference to the economic policy of the short ‘centre-right government’ (February 1972-July 1973) that was led by the right-wing Christian democrat Giulio Andreotti and was not supported by the Italian Socialist Party. None of the left-wing Christian democrats served as Minister of this cabinet, while the president of the Italian Liberal Party, Giovanni Malagodi, held the Ministry of Treasury. The book points out that “Forlani’s secretary organised a conference in Perugia on the perspectives of the Italian economy in December (1972). Here, a series of economists of Catholic background (Pasquale Saraceno held the general speech, whereas Lombardini, Andreatta, Mazzocchi, and Prodi held several specific talks), collected by Roberto Mazzotta, criticised the economic policy of the DC’s in-chief government” (p. 319). They focused on the difficulty of controlling the cycle of international instability. In fact, in February 1973 the lira, the Italian national currency, abandoned the European ‘monetary snake’ and was devalued. To cope with this situation, Malagodi increased the public expense and got worse the public debt. This deficit-spending policy was paradoxically realised by the cultural and political heir of Luigi Einaudi, who was an active member of the Italian Liberal Party, Minister of Balance, and President of the Republic.

On the contrary, in the 80’s the left-wing oriented think tanks *Arel* and *Nomisma*, respectively founded by Andreatta and Prodi, played a crucial intellectual role to boost the modernisation of the economic system in the perspective of Italy’s Europeanisation. In 1984, the left-wing DC’s secretary De Mita supported the legislative action finalised to cutting the wage indexation mechanism to control inflation. He only methodologically criticised Craxi’s government for the “arm wrestling” (p. 435) approach. De Mita was also the promoter of a new season of economic policy based on the fiscal consolidation, reform of the pension system in front of the aging of the population, elaboration of a new financially sustainable social policy, reduction of bureaucracy in the relationship between the citizen and the public administration. He generally “supported a deregulation of the public in favour to the private sector” (p. 430). However, in this historical period ideologically inspired at the international level by neoliberalism à la Ronald Reagan and Margaret Thatcher, the DC’s new pro market approach was internally criticised from a right-wing point of view. In particular, the book remembers the document “entitled *More Society, Less State*” (p. 482) published by the People’s Movement led by Roberto Formigoni and the press campaign supporting “the development of the best conditions for a real social creativity” (pp. 482-483) that was promoted by the weekly right-wing Catholic review “Il Sabato”.

In conclusion, I think that the book successfully explains why DC occurred, succeeded, and is a no replicable experience. After its disappearance there have been many attempts to restore it under various forms. But they all have failed because DC was the product of a series of cultural, historical, economic, and political circumstances. Italy has become a secularised country. The influence of the Roman Catholic Church on the population is surprisingly reduced in the last thirty years (Diotallevi 2024). The last three Popes have not been Italians. They have dedicated minor attention to the country where the Church has its headquarter than their predecessors even because they have not identified risks to the temporal and spiritual interests of their organisation. Secondly, the fall of the Berlin wall rendered effective the principle of alternative in the political democracy in Italy even because the communists initiated a path of conversion to socialism in line with the progressist tradition in the most important western European states. The electoral reforms of the beginning of the 90's stimulated the polarisation of the political forces, as well. This structural change of the political system reduced the phenomenon of clientelism that was connected to DC's position income deriving from being the fulcrum of the political system of the so-called First Republic. Finally, the language and the contents of politics are changed in the last decades. The recent social and cultural context is dominated by new media, technologies, values, and customs. In other terms, it is no time for prudence, moderation, and an organicistic view of the economy because the society has become irresistibly hurried, ideologically fluid and deeply individualistic.

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