

REVIEW ESSAY

GLOBALISTS: THE END OF EMPIRE AND THE BIRTH OF NEOLIBERALISM

QUINN SLOBODIAN

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Quinn Slobodian, a historian at Wellesley College, tells us that *Globalists*

is a long-simmering product of the Seattle protests against the World Trade organization in 1999. I was part of a generation that... became adolescents in the midst of talk of globalization and the End of History... we were made to think that nations were over and the one indisputable bond uniting humanity was the global economy. Seattle was a moment when we started to make collective sense of what was going on and take back the story line... This book is an apology for not being there and an attempt to rediscover in words what the concept was that they went there to fight. (p. 303)

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Slobodian discloses here a confusion that mars his book. He sees little difference between the free market and a governmentally imposed regime of globalization. Rule over the European economy by Brussels bureaucrats and attempts to control world trade by the WTO and the World Bank stem from a "Geneva School" that includes Ludwig von Mises. His view must at once confront an objection. Mises supported a complete free market, with a minimal state; how then can he have helped bring about a globally directed economy? Slobodian's answer is this: Mises wished to use force to compel people to accept a system of private property, run in the interests of business. He professed to favor freedom but in fact supported coercion. The distance between Mises and global governance of the economy, which likewise imposes its plans on people, is not far.

Friedrich Hayek counts even more than Mises as a supporter of this line of thought, and many contemporary neoliberals have been influenced by him. Like Mises, he wanted to limit democracy to promote private property and the market. Hayek, though, countenanced more government intervention than Mises. Slobodian, by the way, cites Hans Hoppe's criticism of Hayek for this, (p. 315, note 2), though he has missed Mises's review of Hayek's *The Constitution of Liberty* (2011 [1960]), dealing with same issue.

As Slobodian sees matters, the rise of colonial peoples to independence in the twentieth century posed a problem for those, like Mises and Hayek, committed to capitalism. What would happen if the new countries, dissatisfied with what they viewed as exploitation by the developed countries, enacted restrictions on trade? Combined with this was a threat to business interests by anti-capitalist classes and parties in the developed world. What if, e.g., socialists won power in a democratic election?

To prevent these dire developments, Mises and Hayek promoted world federalism. The power of national governments to control the free market would be strictly limited. Property rules would be a matter of international law, enforced by a central authority.

Slobodian merits great credit for his detailed account of Mises and Hayek's interest in world federalism, but he fails to grasp the fundamental issue motivating what they said. For Mises, the free market was the only viable system of social cooperation.

Accepting it fully would bring peace and prosperity. Government interferences with the economy would necessarily fail to achieve their purpose. Price controls would not make goods available to the poor but would instead cause shortages. Socialism would collapse into chaos.

For Mises, these were incontrovertible truths established by economic science. The issue for him was not imposing economic freedom on people by force, but rather persuading them that freedom was the best course of action. Constitutional limits to democracy, including federalist plans, were strictly subordinate to promoting the free market. Mises does not say that he favored forcing people to accept these limits, if they were to vote freely against them. Violent attempts to overthrow a legal system of private property are an altogether different matter. It is hardly "undemocratic" to oppose them.

Slobodian does not agree. For him, to suppress violence against property is undemocratic. Mises claimed that the free market was controlled by the monetary votes of consumers, but Slobodian finds this freedom lacking: "[D]emocracy was not an absolute value for Mises... a crucial complement to voters' democracy was what he would later call a 'consumer's democracy,' expressed by purchases and investments in the marketplace... Wealth, he wrote, was 'always the result of a consumer's plebiscite.'" (p. 45) But when the Social Democrats called a general strike in Vienna in 1927, Mises supported its violent suppression. Does this not show his commitment to democracy was limited? "In 1927, democracy had ceased to fulfill its primary function. It did not prevent revolution. In that case, Mises believed, it was perfectly legitimate to suspend it and enforce order by other means." (p. 45)

Contrary to Slobodian, Mises's position was perfectly consistent. Mises supported peaceful cooperation through the free market. Political democracy, in his view, promoted peace. But it is not undemocratic to use emergency powers to suppress violence.

For Mises, schemes for international organization were intended only as means to promote the free market. When Mises realized that in the statist climate of the day, these plans could not work, he for the most part abandoned them. In *Omnipotent Government*, e.g., he says: "Under present conditions an international body for

foreign trade planning would be an assembly of the delegates of governments attached to the ideas of hyper-protectionism. It is an illusion to assume that such an authority would be in a position to contribute anything genuine or lasting to the promotion of foreign trade." (Mises, 2010 [1944], p. 250)

Slobodian does not see what is at stake in the dispute over the free market because, for him, economic arguments for the market are mere business propaganda. He does not grasp that the argument for free exchange follows from elementary economy theory. People would not willingly engage in trade if they did not expect to benefit. This consideration by itself strikes a fatal blow at tariffs and other trade restrictions.

Slobodian ignores this and, displaying both his fascination with Hayek's thought and his repulsion from it, he takes the case for the free market to be complex and mystifying. "Yet even as he [Hayek] disparaged the fallacy of computer-aided models, he drew inspiration from the same source of system theory. From the language of 'pattern predictions' to his citation of Warren Weaver, Hayek did not argue against system theory in his Nobel speech but with it." (p. 225)

In trying to establish a line of continuity between the "Geneva School" and today's global bureaucrats, Slobodian places great stress on the "Ordo liberals." This group, which included Franz Böhm and Walter Eucken, favored a very active government to promote the social institutions for a "social market economy." Many of these authors were influenced by Hayek, but in his erudite discussion, Slobodian has missed the fact that Mises had little use for them. As Guido Hülsmann points out in *Mises: The Last Knight of Liberalism*, "And the prospect of cooperating with the fashionable Ordo School, be it in the Mont Pèlerin Society or elsewhere, did not exactly warm his heart either. He believed the Ordo people were hardly better than the socialists he had fought all his life. In fact, he eventually called them the 'Ordo-interventionists.'" (Hülsmann, 2007, p. 1006)

The book contains many strengths. The discussion of the activities of Maurice Heilperin, an outstanding supporter of free trade, is especially well done. Slobodian displays a fine eye for architectural detail, evident, e.g., in his description of the Chamber of Commerce building on Vienna's Ringstrasse. (pp. 30–31)

That said, the book also has its share of errors. Harold Laski was a political scientist, not an economist (p. 96). Garrett Hardin was a biologist, not a philosopher (p. 239). Hans Kelsen was not among the Austrian elite who moved in the 1930s in the same circles as the British elite (p. 122). Arthur Balfour is given the wrong title (p. 39).

The book's main failing, though, does not lie in these minor errors. It lies rather in Slobodian's refusal to take seriously arguments for the free market. Limits on government control of property are for him simply ideological efforts by business to limit the popular will. He here adopts exactly the viewpoint of Nancy MacLean's *Democracy in Chains*, a disaster for scholarship. Slobodian operates on a much higher level than she does, though he does not scruple to cite her book.

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