



[Tomlinson, J.](#) (2023) 'The Limits of Austerity' Clara E. Mattei, *The Capital Order: How Economists Invented Austerity and Paved the Way to Fascism* (University of Chicago Press: 2022), 480pp., \$30, ISBN 978-0-226-81839-9. *Historical Studies in Industrial Relations*, 44(1), pp. 203-214. (doi: [10.3828/hsir.2023.44.12](https://doi.org/10.3828/hsir.2023.44.12))[Book Review]

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Deposited on 19 December 2023

Clara E. Mattei, *The Capital Order. How Economists Invented Austerity and Paved the Way to Fascism*. (University of Chicago Press, 2022), pp.452, \$30, ISBN978-0-226-81839-9.

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One of the challenges of historical work is the way in which concepts which have a powerful but limited traction in understanding episodes in the past then get used promiscuously and therefore unhelpfully. A good recent example is ‘neo-liberalism’, a term very productively used to understand and analyse an important post-1940 intellectual movement (largely-Austrian-German-American-British), but commonly deployed to characterise all kinds of political and economic developments across the West since the 1970s.¹ This is not, of course, an argument for not using the concept, but rather for deploying it with close care and attention, and not turning it into a slogan or something which purports to explain far more than it possibly can.

A similar problem can occur with ‘austerity’. In this book Clara Mattei applies the term to the years after the First World War, when following the initial post-war boom, restrictive economic policies were applied from 1920/21 onwards. Mattei’s work can be seen as offering a particularly striking version of austerity history—combining a comparative account of Britain and Italy organised around that concept, with a ‘meta-history’ of austerity which is framed as a recurrent ruling class strategy to suppress working-class revolt. So, this is a Marxist story (the book is dedicated to ‘revolutionaries everywhere’) of history as class struggle, and austerity a weapon in that struggle. But it is an idiosyncratic Marxism, because as the subtitle makes clear, the key figures in this particular episode of the class struggle were economic theorists. This explanation of austerity is counterposed to that of Mark Blyth, who in his widely read book ascribed the recurrence of this ever-failing policy to ‘madness’.²

The basic story is that ‘Austerity as we know it today emerged after World War I as a method for preventing capitalism’s collapse: economists in political positions used policy levers to make all classes of society more invested in private, capitalist production, even when these changes amounted to profound (if also involuntary) personal sacrifices’.³ Its emergence at that time was linked to a capitalist crisis, defined in a Marxist way as ‘when its core relationship (the sale of production for profit) and its two enabling pillars (private property in the means of production and wage relations between owners and workers) are contested by the public, in particular by the workers who make capitalism run’.⁴ The key historical claim that underpins the whole logic of the book is that ‘For most people living in these (European) countries during and after the war, whether they feared or hoped for it, the abolition of

¹ Aled Davies, Ben Jackson and Florence Sutcliffe-Braithwaite (eds.), *The Neoliberal Age? Britain Since the 1970s* (London, 2021).

² Mark Blyth, *Austerity. The History of a Dangerous Idea* (Oxford, 2013), p.203.

³ *Capital Order*, p.4.

⁴ *Capital Order*, p.3.

capitalism loomed as the imminent outcome of the war's devastations and its showcasing of state economic planning'.⁵

Undoubtedly these hopes and fears for the future of capitalism were in play immediately at the war's end. The Bolshevik Revolution and the widespread workers discontent of 1918-21 frightened many conservatives into believing that revolution was on the cards in Western Europe, and led many on the Left, especially in newly formed Communist parties, to hope that was the case. But the historiography is clear that these contemporary fears and hopes were misplaced. Most worker discontent was aimed at improving wages and working conditions, and the spread of revolutionary ideas was much more limited than contemporary revolutionaries believed and conservatives feared. This historical point is wholly unambiguous in the British case. Mattei rehearses the traditional story of British worker unrest, from record strike levels in 1919, the halting of arms supplies to anti-Bolshevik forces, through to the Sankey Coal Commission's challenge to private ownership of the industry. But the political significance of all this is consistently overstated. In support of the claim that the unrest was aiming at social revolution not immediate economic benefits, the author cites 'an official memorandum' to this effect, which turns out to have been drafted by trade unionists.⁶ This is characteristic of an account that is highly selective in its evidence, and notably lacks reference to recent work on the character of post-war unrest in Britain. This is especially striking in relation to Clydeside, which Mattei uses as one of her examples of the depth and revolutionary nature of the unrest, but where she ignores the recent literature which has shown how much of the story traditionally told is exaggerated.⁷

In Italy revolutionary activity seems more obviously evident, above all in the occupation of factories. But again, the extent to which this posed a threat to the capitalist order in Italy was much exaggerated by contemporaries. First, unlike in Britain, industrial workers were a small proportion of the Italian working population so the extent of involvement in these activities was quantitatively limited. There was also unrest amongst agrarian workers, but at its peak the total involved in 'organized labour protest' was around 3.8 million out of a working population of over 13 million. Second, factory occupations were by no means universally seen as the way forward by militant workers. Mattei has an interesting discussion of co-operatives, where she is clear about the absurdly inflated rhetoric which often accompanied their great expansion in this period. It is clear, she suggests, that they 'experimented with a different order of society within the capitalist system, alongside private capitalists and with

⁵ *Capital Order*, p.5.

⁶ *Capital Order*, pp. 81, 340.

⁷ Thus, for example, there is no reference to the work of Iain McLean, *The Legend of Red Clydeside*, (Edinburgh, 1983, reprint 1999) or Jo Melling, 'Whatever happened to Red Clydeside? Industrial conflict and the politics of skill in the First World War', *International Review of Social History*, 35: 1 (1990), 3–32; John Foster, 'Strike action and working class politics on Clydeside 1914–1919', *International Review of Social History*, 35: 1 (1990), pp. 33–70, and Alan McKinlay and Robert Morris (eds), *The ILP on Clydeside 1893–1932: From Foundation to Disintegration* (Manchester, 1991). See also Jacqueline Jenkinson, 'Black sailors on Red Clydeside: Rioting, reactionary trade unionism and conflicting notions of "Britishness" following the First World War' *Twentieth Century British History* 19: 1 (2008), pp.29-60.

the aid of the state', whilst simultaneously noting the denunciation of these co-ops as 'Bolshevik associations'.⁸

In her discussion of Italian factory occupations Mattei accepts that historians are strongly divided on whether the peak of their activity, in the summer of 1920, represented a "true" revolutionary moment. This she argues, is not the key point, which is rather 'that many in the establishment were certain that a major blow up was near at hand'.⁹ This is logical. Her central claim, that austerity came about because the ruling class feared the collapse of the capitalist order, plainly does not require that those fears be realistic. The key question is not how close revolution was in post-war Britain and Italy (not very, seems the answer), but was austerity introduced to counteract a perceived potential revolution?

One of the problems in assessing this argument is that the concept of austerity is defined in different ways at different points in Mattei's book. Whereas Blyth is very clear that the term refers to 'the policy of cutting the state's budget to promote growth', Mattei suggests a much broader notion.¹⁰ In her introduction she talks about an 'austerity effect' where it is linked to a whole raft of broadly pro-market policies, including not only budget cuts but regressive taxation, deflation, privatization, wage repression and employment deregulation. This is close to what many would call neo-liberalism or market fundamentalism rather than austerity in any specific sense.¹¹ Later she has an extended discussion of the meaning of the term which gives it a slightly narrower, threefold definition-fiscal, monetary and industrial. Fiscal austerity is defined in the conventional way, as budget cuts, especially welfare spending cuts and regressive taxation. Monetary austerity is deflation through higher interest rates. 'Industrial austerity' refers to an imposition of industrial peace, leading to lower wages and lower consumption.¹² This third element is clearly the most problematic not only in taking the term well beyond the usual link to *macroeconomic* policy, but building in questionable historical assumptions, notably that 'industrial peace' leads to lower wages, whereas, of course, in many situations industrial peace has been associated with wage increases.

During the post-war years in Britain and Italy the broad pattern of austerity, in the conventional sense of fiscal and monetary restrictions, is well-known.¹³ In Britain a period of 'doldrums' immediately following the war was followed by a frenetic re-stocking boom, which affected most of the world, and which led to rapid inflation of both wages and prices. In response the British government raised interest rates sharply, and pursued a policy of public spending cuts, most famously with the 'Geddes Axe'. An extraordinarily severe if short-lived slump followed, with wages and prices falling sharply, and unemployment rising to over 11 per cent. Susan Howson's treatment of this episode is the most careful, and in her view it was not fiscal policy, nor even the sharp rise in interest rates, that was the cause of the slump, but a global fall in demand. But she does see the dear money policy and continued

⁸ *Capital Order*, pp. 92, 94.

⁹ *Capital Order*, p.352 footnote 57. It is discomfiting that this key point in the whole argument of the book is relegated to a footnote.

¹⁰ Blyth, *Austerity*, p.3.

¹¹ *Capital Order*, p.2.

¹² *Capital Order*, pp.127-129.

¹³ A.C. Pigou, *Aspects of British Economic History 1918-1925* (London, 1946); Susan Howson, *Domestic Monetary Management in Britain 1919-1938* (Cambridge, 1975), Robert Boyce, *British Capitalism at the Crossroads 1919-1938* (Cambridge, 1987).

fiscal tightening as increasing the severity of the slump, though again she sees demand conditions, including a collapse in exports, as central to the fluctuations in activity.¹⁴

The well-known story of British economic policy in these years is told in considerable detail by Mattei, but her account of *economic* events in Italy is much more limited. She discusses at length the *biennio rosso* but her story of economic policy begins with the Fascist seizure of power in 1922, followed by the authoritarian imposition of austerity. Strikingly, therefore, we do not learn how the Italian government of 1919-1922 sought to deal with the problems of inflation and budgetary pressures which, in a broad sense, paralleled those faced in Britain. The crisis in socialist politics which followed the Socialist Party's very strong electoral performance in 1919 and how this related to economic policy is not discussed. Mattei is content to tell us about the Socialist Party's anti-parliamentary posture, but not about the parliamentary struggles it engaged in, nor the splits in the party that were crucial to the story of the eventual success of the Fascists.¹⁵ As returned to below, this absence can be seen as symptomatic of a much broader hole in the discussion, that of socialists inevitably grappling with national economic management.

Underpinning Mattei's key claim about the responsibility of economists for paving the way to fascism is her account of the role of the British Treasury officials, Basil Blackett and Otto Niemeyer, and the Treasury economic adviser, Ralph Hawtrey, in making the case for austerity.¹⁶ Most of this story is well known, though the treatment here adds some interesting detail on Hawtrey's role. As is well known these key figures favoured a restoration of the gold standard as the key to restoring pre-war economic and political stability, backed-up by tight money, cuts in wartime levels of spending and taxing, debt repayment and balanced budgets. In 1919-20 these aims were politically impossible, with worker militancy and widespread expectation and promise of significant social reform.¹⁷

Mattei, an economist, like other economists who have discussed these matters, puts excessive weight on economic theory in accounting for the course of British policy. The return to gold drew support from across the political spectrum, even if there were arguments about timing. It was supported by most industrialists (though some got cold feet as the day of return

¹⁴ Howson, *Domestic Monetary Management*, pp.23-26.

¹⁵ Mark McNally, 'Socialism and democratic strategy in Italy's Biennio Rosso: Gramsci contra Treves', *Journal of Modern Italian Studies*, 22:3 (2017), pp.314-337.; John Foot, 'White Bolsheviks'? The Catholic Left and the Socialists in Italy-1919-1920', *Historical Journal*, 40:2 (1997), pp.415-433.

¹⁶ Note that of these three, only Hawtrey could be regarded as professional economist, and he held no academic post before the Second World War. The term 'economist' needs to be treated with some care; the situation today where economics is essentially a university subject is a recent invention: Keith Tribe, *Constructing Economic Science. The Invention of a Discipline 1850-1950* (Oxford, 2022).

¹⁷ Howson, *Domestic*, pp.9-29; George Peden, *The Treasury and British Public Policy 1906-1959* (Oxford, 2000), pp.128-189; Kenneth Morgan, *Consensus and Disunity. The Lloyd George Coalition Government 1918-1922* (Oxford, 1979) remains valuable on the politics of the period.

approached), and by most leading figures in all three main political parties.¹⁸ Of course, there were dissenters, most famously Keynes, but even he conceded the absence of a fully worked out alternative, his most powerful argument focussing on the *level* at which the pound was restored to gold. Undoubtedly Blackett, Niemeyer and Hawtrey were significant in giving intellectual ballast for pro-gold arguments, but the weight of opinion in policy and political circles did not rely upon their arguments. It relied on long-entrenched assumptions about the political dangers of government control of the exchange rate, and more broadly on the other components of the ‘trinity’ of Victorian political economy, free trade and a small and balanced budget, and the absence of any coherent alternative.

Given the commitment to gold, austerity necessarily followed, especially when the boom of 1919-1920 unleashed an inflation which suggested precisely why monetary stabilisation and fiscal rectitude was so important. The political circumstances of 1918-1920 meant the postponement this objective, but the strength of the commitment *even before the great unrest* was evident. The Committee on Currency and Foreign Exchanges after the War had made this clear in 1918.¹⁹

The preceding paragraphs are not a defence of gold restoration and austerity. Their purpose is rather to show how Mattei’s account is misleading. The economists she blames were undoubtedly important framers of pro-austerity arguments, but the idea that their role was decisive is implausible. And the idea that their belief in gold, tight money and tight budgets only occurred in the face of the ‘revolutionary’ threats of 1918 to 1920 is unfounded. Rather, to the Treasury mandarins, those events demonstrated even more urgently why their long-preferred policy options were the right ones.

What were the effects of austerity in Britain? First, the cuts in social spending, which Mattei highlights, were undoubtedly severe. While the initial spending cuts of 1919-1922 focussed wholly on military spending, under the ‘Geddes Axe’ of 1922 while there were further large reductions in military expenditure, but ‘what was different about the Geddes cuts was that they fell heavily on civil spending as well, striking hard at an expansionary programme of post-war reconstruction, on which a coalition of Liberals, Conservatives and a few from the Labour Party campaigning together had won the so-called ‘coupon’ election of 1918’.²⁰ But note that the cutbacks were to promised *increases* in expenditure: ‘the pattern of financial restrictions halting expansion of social services, *but achieving no real reduction in existing provision in existing services*, was repeated elsewhere.’²¹ This is highly important in

¹⁸ Sidney Pollard (ed.), *The Gold Standard and Employment Policies Between the Wars* (London, 1970); the Treasury successfully marginalized other voices, notably industrialist, in the decision over gold, but as Peden, *The Treasury*, p.158 notes, this did not the Treasury favoured the interests of the City over industry. In the Treasury’s view stable exchange rates were the key condition for the revival of industrial exports.

¹⁹ Peden, *The Treasury*, p.121.

²⁰ Christopher Hood and Rozana Himaz, ‘The UK Geddes Axe of the 1920s in perspective’ in Christopher Hood, David Heald and Rozana Himaz (eds.), *When the Party’s Over: The Politics of Fiscal Squeeze in Perspective* (Oxford, 2014), pp.75-6; see also Christopher Hood and Rozana Himaz, *A Century of Fiscal Squeeze Politics: 100 years of Austerity, Politics and Bureaucracy in Britain* (Oxford, 2017), pp.45-59.

²¹ Peden, *The Treasury*, p.177 (emphasis added).

understanding the general trajectory of British public spending across the war period, which is one of a wartime surge followed by post-war cutbacks, which reversed only part of the increase, leaving expenditure at a permanently higher level.²²

If Mattei's account misses this crucial aspect of the 'post-war settlement' after 1918, her account of another dimension of the post-war period is strange indeed. This relates to the path of real wages. A chart on p.284 shows clearly that in Britain these rose to 275 in 1919/20 (1913=100), before falling back to around 200 by 1923 and remaining at that level for the rest of the 1920s. In other words, after all the excitements of the post-war boom and slump, real wages settled down at twice their pre-war level. How is this compatible with a story of 'industrial austerity' and wage cuts? Plainly it is not, unless one confuses nominal and real changes. Of course, higher real wages were not much use to the many more unemployed workers in Britain in the 1920s, but they do show that post-war austerity was not the kind of overall defeat for British workers suggested by Mattei. This point is boosted by the fact that in 1918 workers achieved the 48-hour week, and this advance was permanent.²³

The general point to be emphasized here is that *contra* Mattei, the First World War and its aftermath, although it did not lead to the realisation of the hopes of many socialists, is not helpfully seen as an overall 'defeat' for the British industrial working-class. Social welfare spending (for example on National Insurance) shifted permanently upwards.²⁴ Alongside the gains in real wages and hours of work came a historic shift in an egalitarian direction in wealth distribution, as has now been clearly established by Thomas Piketty.²⁵ These shifts have been downplayed in a historiography which too readily contrasts the Labour victory of 1945 with the defeats of 1919-21.

The story of Italy is of course different, the Fascist ascension to power beginning a period of repression which marked a historic defeat for the working class in Italy. But even here one should note that Mattei's real wage data (p.283) shows significant increases in the 1920 over 1913 levels, even if, unlike in Britain, these tended to fall on trend throughout that decade, without falling back to 1913 levels.

Perhaps the most interesting and original chapter of this book is chapter eight, which shows how the British authorities strongly supported the Fascists government in Italy in its economic policies. It has long been known that prominent British politicians of the early

²² This is the war-induced 'displacement effect' originally put forward by Alan Peacock and Jack Wiseman, *The Growth of Public Expenditure in the United Kingdom*, 2nd.ed. (London, 1967); details at E.V. Morgan, *Studies in British Financial Policy, 1914-1925* (London, 1952), p.104.

²³ Peter Scott and Anna Spadavecchia, 'Did the 48-hour week damage Britain's industrial competitiveness?' *Economic History Review* 64:4 (2011), pp.1266-1288.

²⁴ Roger Middleton, *Government Versus the Market* (Cheltenham, 1996) pp.332-333 stresses that social expenditure grew especially rapidly in the late 1920s; compare Mattei's claim (p.152) that the return to the says gold standard meant 'public expenditure was to be kept at bare minimum'.

²⁵ Thomas Piketty, *Capital in the Twenty First Century* (London, 2014), p.344.

1920s were highly sympathetic to Mussolini and his anti-Bolshevik politics, perhaps most famously, Winston Churchill. But the extent to which this attitude played into financial relations between the Bank of England, the Treasury, private British banks and Italian authorities is here examined in some depth. The efforts of the British were aimed at supporting Italy's return to the gold standard, and when this was achieved in 1926 Churchill (by then Chancellor of the Exchequer), wrote to offer his 'heartiest congratulations', ignoring the political repression which had helped the achievement of this objective. In this he was echoing the views of most of those who negotiated with Italy, believing that the repression should be no barrier to assisting the Italian fascists if this was seen to aid the establishment of international financial stability.

The Italian case emphasizes how austerity readily maps on to reactionary politics. Undoubtedly austerity has commonly had such political linkages. But assuming this linkage is necessary, while making for a pleasing political narrative, ignores incidents of austerity of much greater political complexity. The obvious case is that of the Attlee government in Britain after 1945. This is especially pertinent here because like the governments Mattei deals with, that of Attlee had to battle with similar problems characteristic of periods following major wars. War in both cases left a legacy of debt, unbalanced budgets and balance of payments problems. Attlee's response, like that under Lloyd George and his successors was one of 'austerity'.²⁶ The theme of 'work more and consume less', which Mattei treats as a key marker of the post-1918 austerity she denounces, was the core of the Attlee government's policies.²⁷ It pursued wholly unprecedented campaigns to raise output and productivity, while maintaining a regime of controls and rationing which severely repressed popular consumption.²⁸

The aims of this policy were clear: to deal with potentially disastrous balance of payments problems, above all by expanding output, channelling the majority of extra resources into exports and industrial investment, whilst holding down personal consumption and (eventually) balancing the budget. This was a successful strategy in national economic management terms, especially after the reluctantly accepted devaluation of 1949. The balance of payments was restored, and output increased significantly. Alongside this macroeconomic strategy the social democratic aims of nationalisation of basic industries, and a major extension of entitlements in the welfare state were also achieved, though the physical infrastructure of that welfare (new hospitals, schools) showed little expansion: only an 'austerity welfare state' was constructed.²⁹ But the strategy was an electoral failure; Labour hung on to its working class base, but lost votes in the suburbs where modern elections are

²⁶ There were of course differences: unlike after 1918, inflation was held in check by tight price controls, while state control of the capital market obviated the need for high interest rates.

²⁷ *Capital Order*, p.127.

²⁸ William Crofts, *Coercion or Persuasion? Economic Propaganda 1945-51* (London, 1989); Alec Cairncross, *Years of Recovery. British Economic Policy 1945-51* (London, 1986); Jim Tomlinson *Democratic Socialism and Economic Policy: the Attlee Years* (Cambridge, 1997).

²⁹ Jim Tomlinson, 'Why So Austere? the British Welfare State of the 1940s' *Journal of Social Policy* 27: 1 (1998), pp.63-77.

decided. It suffered especially acute losses amongst women, who carried most of burden of rationing and shortages which were linked to consumer austerity.³⁰

The reason for summarising the policies of the Attlee government is to emphasize that the politics of austerity are ambiguous. After 1945 ‘produce more and consume less’ may not ultimately have been a successful political strategy, but it was undoubtedly one with social democratic ambitions. What it clearly involved was balancing those ambitions with the necessity to manage the British national economy—to come up with responses to the problems of managing that economy, the standard problems of regulating the foreign exchanges, determining the national budget, balancing investment and consumption. And it is this problem—the problem of national economic management faced by any national government, of all political persuasions--which is so strikingly absent in Mattei’s argument. Instead she offers a simple binary ‘workers power versus austerity’.

Given a rejection of austerity as solution to the problems of 1919-1921, *any* government would have to have taken a view on how to deal with inflation, what levels of public spending, taxation and borrowing were desirable, what policy was best for international trade and the exchange rate. These are not questions that Marxists have usually been keen to address, given their commitment to ‘internationalism’. But socialist governments come to power in national states and so the need to manage the national economy cannot be avoided. In the post-1918 period this was an imperative which became painfully evident the Bolsheviks after their seizure of power.

Mattei recycles the myth, invented by Keynes, that Lenin said ‘the best way to destroy the Capitalist System is to debauch the currency’.³¹ In fact, in power, rapid inflation in the Soviet Union was recognised by the Bolshevik government as a major threat to the new order, leading to collapse of the currency and a widespread reversion to barter, thereby contributing heavily to the derangements of ‘War Communism’. One of the policy aims of the New Economic Policy that followed was to stabilize the currency and restore a balanced budget—similar aims to those of Western governments. Part of the problem was the failure of the Bolsheviks to have any preparation for dealing with these issues. In the case of budget policy, for example, they had little policy beyond ‘tax the rich’.³²

For similar ideological reasons, later Marxists have also struggled with the notion of managing the national economy. But the question of how far a national economy, the material foundation for national economic management exists has been addressed by some. This issue was especially prominent in the British debates of the 1970s and 1980s, when trade and

³⁰ Ina Zweiniger-Bargielowska, *Austerity in Britain. Rationing, Controls and Consumption 1939-1955* (Oxford, 2000).

³¹ *Capital Order*, pp.194-5; for the mythical basis of this ‘quote’ see Frank Fetter, ‘Lenin, Keynes and Inflation’ *Economica* 44:1 (1977), pp.77-80.

³² E.H. Carr, *The Bolshevik Revolution 1917-1923*, Volume 2 (London, 1952), pp.125-144, 245-268, 345-356.

capital liberalization, plus the growth of multinational corporations, were argued by many on the left to have made the notion of a national economy a ‘myth’.³³

Radice’s argument is a considered one. He recognises that Keynesianism was above all ‘an economic theory of the national economy’, and that in the middle decades of the twentieth century, with trade and capital controls and other forms of extensive state control including of monetary policy, plus a large government budget, such management was plausible and effective; ‘The economic introversion of the 1930s and 1940s created the material basis for such a policy in Britain.’³⁴

But Radice’s historical account subsumes social democratic understandings of the national economy with Keynesian ideas, and in so doing misses both the scale of divergence between these two bodies of argument. In Britain the Left became seriously involved in discussions about the relation between the national and international economy at the time of the debate about tariff reform beginning in 1903. From these debates slowly emerged a number of views about how these two were to be reconciled, the dominant view supporting the continuation of free trade but seeking to link this to notions of national welfare and state regulation far from those of laissez-faire liberals.³⁵ So we can say that from the beginning socialists have sought to think of ways of managing the national economy. They have recognised that seeking power in national political arenas, they are compelled to aim at the best possible outcomes for their supporters (actual and potential), using whatever instruments are available to regulate the economy. As Trentmann suggests, the perennial dilemma of social democracy is: ‘how to reconcile the pursuit of domestic welfare with the welfare of the international community.’³⁶

But, as noted above, barring simultaneous worldwide transition to socialism, this is not just a problem for social democracy. Marxists, *in power*, have faced the same dilemma. On the other hand, Radice was right not to treat the notion of a ‘national economy’ as self-evident. In one sense it is always a ‘myth’; no modern economy is immune from external influences, no national government, however autarkic, can simply determine economic conditions by decree. Historically the conditions for such management have, of course, always varied. The classic liberal economy of Victorian Britain, by committing to free trade, adherence to the gold standard and allow and balanced budget, put severe limits on such management, even if governments had desired it. But in the twentieth century, especially after the First World War, national governments increasingly had the means to regulate the economy through the growth of tax and spending powers and development of separate monetary zones, once the gold standard started to break up. But this management was always constrained and conditional, and the debates of the 1970s and 1980s, noted above, were reacting to real

³³ Hugo Radice, ‘The national economy: a Keynesian myth?’ *Capital and Class* 8: 1 (1984), pp.111-140.

³⁴ Radice, ‘The national economy’, pp.121, 126. Also, Jim Tomlinson, ‘Why was there never a “Keynesian revolution” in economic policy?’ *Economy and Society* 10:1 (1981), pp. 72-87

³⁵ Frank Trentmann, ‘Wealth versus welfare: the British Left between free trade and national political economy before the First World War’ *Historical Research* 70:1 (1997), pp.70-98.

³⁶ Trentmann, *Wealth and welfare*, p.98. For the evolution of Left thinking on these matters after 1918 see also Alan Booth and Melvyn Pack, *Employment, Capital and Economic Policy. Great Britain 1918-1939* (Oxford, 1985), pp.6-34; Alan Oldfield, ‘The Independent Labour Party and planning, 1920-26’ *International Review of Social History* 21 (1976), pp.1-29; Noel Thompson, ‘Hobson and the Fabians: two roads to socialism in the 1920s’ *History of Political Economy* 26 (1994), pp.203-220.

changes in these constraints, even if their conclusions were exaggerated. Despite all the constraints, all talk of ‘globalisation’ and the ‘triumph of neo-liberalism’, national economic management has survived into the twenty-first century.³⁷

Of course, such management is never ‘technocratic’ in the sense of non-political. Most obviously, it always has distributive consequences—a point recently vividly illustrated with the impact of the boom in asset prices during the recent period of ultra-low interest rates. But for Mattei the whole problem of managing a national economy in a way which recognises its inherently political character is effectively absent. The simple binary ‘workers power versus austerity’ means she never addresses how a Left government in office after 1918 could have dealt with the post-war boom and slump, or what approach it could have had to trade and exchange rates, or to questions of taxing, spending and borrowing. The result is a morality tale rather than a compelling analytical account.

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³⁷ Jim Tomlinson, ‘The strange survival of “embedded liberalism”’: national economic management and globalization in Britain from 1944’ *Twentieth Century British History* 32: 4 (2021), pp. 483-508.