

An abstract painting with a dark, moody palette. It features several vertical, slightly curved, light-colored shapes that resemble draped fabric or architectural elements. The background is a mix of dark brown, black, and muted red tones. The overall style is reminiscent of mid-20th-century abstract art.

QUINN SLOBODIAN

GLOBALISTS

**THE END OF EMPIRE AND THE
BIRTH OF NEOLIBERALISM**

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Introduction

Thinking in World Orders

A nation may beget its own barbarian invaders.

—WILHELM RÖPKE, 1942

By the end of the twentieth century it was a common belief that free-market ideology had conquered the world. The importance of states was receding in the push and pull of the global economy. At the World Economic Forum at Davos in 1995, an iconic location of the era, U.S. president Bill Clinton observed that “24-hour markets can respond with blinding speed and sometimes ruthlessness.”¹ Chancellor Gerhard Schröder referenced the “storms of globalization” as he announced a major reform of the welfare system in reunified Germany. The social market economy, he said, must modernize or it would “be modernized by the unchecked forces of the market.”² Politics had moved to the passive tense. The only actor was the global economy. U.S. Federal Reserve chairman Alan Greenspan put the point most bluntly in 2007 when he declared, “It hardly makes any difference who will be the next president. The world is governed by market forces.”³ To its critics, this looked like a new empire with “globalization substituting for colonialism.”⁴ To its champions,

it was a world in which goods and capital, if not people, flowed according to the logic of supply and demand, creating prosperity—or at least opportunity—for all.⁵ This philosophy of the rule of market forces was labeled “neoliberalism” by its critics. Neoliberals, we were told, believed in global *laissez-faire*: self-regulating markets, shrunken states, and the reduction of all human motivation to the one-dimensional rational self-interest of *Homo economicus*. The neoliberal globalists, it was claimed, conflated free-market capitalism with democracy and fantasized about a single world market without borders.

My narrative corrects this storyline. It shows that self-described neoliberals did not believe in self-regulating markets as autonomous entities. They did not see democracy and capitalism as synonymous. They did not see humans as motivated only by economic rationality. They sought neither the disappearance of the state nor the disappearance of borders. And they did not see the world only through the lens of the individual. In fact, the foundational neoliberal insight is comparable to that of John Maynard Keynes and Karl Polanyi: the market does not and cannot take care of itself. The core of twentieth-century neoliberal theorizing involves what they called the meta-economic or extra-economic conditions for safeguarding capitalism at the scale of the entire world. I show that the neoliberal project focused on designing institutions—not to liberate markets but to encase them, to inoculate capitalism against the threat of democracy, to create a framework to contain often-irrational human behavior, and to reorder the world after empire as a space of competing states in which borders fulfill a necessary function.

How can we make sense of neoliberalism—and can we even use that name? For years many have claimed that the term is virtually meaningless. “There is for all practical purposes, no such thing” as neoliberal theory, one scholar claimed recently.⁶ In 2016, however, the International Monetary Fund (IMF), making international headlines, not only identified neoliberalism as a coherent doctrine but asked if the policy package of privatization, deregulation, and liberalization had been “oversold.”⁷ *Fortune* reported at the time that “even the IMF now admits neoliberalism has failed.”⁸ The magazine’s suggestion that this was a new development was somewhat inaccurate. The policies associated with neoliberalism had been challenged—at least rhetorically—for two

decades. An early expression of doubt came from Joseph Stiglitz after the Asian financial crisis of 1997.⁹ World Bank chief economist from 1997 to 2000 and winner of the Nobel Memorial Prize in Economics, Stiglitz became a vocal critic of neoliberal globalization. In the late 1990s other critics declared that the unregulated global free market was “the last utopia”—and the international financial institutions partly agreed.¹⁰ They dropped their doctrinaire opposition to capital controls, the very subject of the 2016 *Fortune* article. The World Trade Organization (WTO) underwent a similar facelift. After protests shut down its 1999 meeting, it pivoted to emphasize the human side of globalization.

Even though the policies described as neoliberal had long been criticized, the IMF report was still significant for recognizing the label “neoliberalism.” The term appeared poised for the mainstream, appearing in the *Financial Times*, the *Guardian*, and other newspapers.¹¹ Also in 2016, the Adam Smith Institute, founded in 1977 and a source of guidance for Margaret Thatcher, “came out as neoliberals,” in their words, shedding their former moniker, “libertarian.”¹² “Globalist in outlook” was one of the principles they claimed for themselves. In 2017 the director of the Walter Eucken Institute in Germany publicly defended the honor of what he called “classic neoliberalism” and its call for “a strong state standing above the interests of lobbies.”¹³ It seemed that for both critics and proponents “the movement that dared not speak its own name” could now be named.¹⁴ This was a clarifying development. Labeling neoliberalism helps us to see it as one body of thought and one mode of governance among others—as a form or variety of regulation rather than its radical Other.

In the last decade, extraordinary efforts have been made to historicize neoliberalism and its prescriptions for global governance, and to transform the “political swearword” or “anti-liberal slogan” into a subject of rigorous archival research.¹⁵ My narrative knits together two strands of scholarship that have remained strangely disconnected. The first strand is the work to trace the intellectual history of the neoliberal movement.¹⁶ The second strand is the study of neoliberal globalist theory by social scientists, not historians. Scholars have shown that the term “neoliberalism” was coined first at the Walter Lippmann Colloquium in Paris in 1938 as a way to describe the desire of the gathered economists, sociologists,

journalists, and business leaders to “renovate” liberalism.¹⁷ As one scholar argues, one of the most defensible ways to study neoliberalism is as “an organized group of individuals exchanging ideas within a common intellectual framework.”¹⁸ Historians have focused, in particular, on the Mont Pèlerin Society, formed by F. A. Hayek and others in 1947, as a group of like-minded intellectuals and policy makers who would meet periodically to discuss world affairs and the contemporary condition of the political cause to which they were devoted. This group was not without its internal rifts, as the works cited have shown. Apart from monetary policy and development economics, though, the question of international and global governance has been surprisingly neglected in these histories.¹⁹ Although there were differences among these thinkers, my contention is that we can discern the broad strokes of a coherent prescription for world order in their writings and actions. Globalizing the ordoliberal principle of “thinking in orders,” their project of thinking in world orders offered a set of proposals designed to defend the world economy from a democracy that became global only in the twentieth century—producing a state of affairs and a set of challenges that their predecessors, the classical liberals, could never have predicted.

The clearest-eyed academic observers of the neoliberal philosophy of global ordering have been not historians but social scientists. For the last twenty years, political scientists and sociologists have elaborated a sophisticated analysis of the neoliberal project. They have identified efforts to insulate market actors from democratic pressures in a series of institutions from the IMF and the World Bank to port authorities and central banks worldwide, including the European Central Bank, governance structures like the European Union, trade treaties like the North American Free Trade Agreement (NAFTA), and the WTO. They have also seen efforts to insulate in the expansion of international investment law designed to protect foreign investors from diverse forms of expropriation and to provide a parallel global legal system known as the transnational law merchant.²⁰ They have traced the emergence of an “offshore world” of tax havens and the proliferation of zones of many types, all designed to provide safe harbor for capital, free from fear of infringement by policies of progressive taxation or redistribution.²¹ “Insulation of markets” is a useful metaphorical description of the aim

of neoliberalism as a specific institution-building project rather than as a nebulous “logic” or “rationality.” The work of social scientists in defining this insulation has been rigorous, but their history of neoliberal theory has been less so—they often give intellectuals such as Hayek and Milton Friedman only walk-on roles.²² The ideas of such neoliberal luminaries are said to inspire or “suggest” certain forms of global and regional governance, yet we are left to wonder how this influence actually happened and where the ideas came from in the first place. The name of Hayek, in particular, often operates as a free-floating signifier more than an index to an actual historical figure. Some label the European Union a “Hayekian federation,” for example, while others call the desire to leave the EU a hope of “reviving Hayek’s dream.”²³ What exactly did thinkers like Hayek wish for, and where and when did the ideas of neoliberal globalism originate? I locate a key point of origin of neoliberal globalist thinking within the epochal shift of order that occurred at the end of empire. Decolonization, I argue, was central to the emergence of the neoliberal model of world governance.

ENCASEMENT, NOT LIBERATION

One of the obstacles to understanding neoliberals on their own terms has been an excessive reliance on a set of ideas borrowed from the Hungarian economic historian Karl Polanyi, who has become, as one scholar notes, “after Michel Foucault, probably the most popular theorist among social scientists today.”²⁴ Across many attempts to account for neoliberal globalization, the retroactive influence of Polanyi’s 1944 book *The Great Transformation* is marked. According to those who adapt Polanyi’s narrative, the “market fundamentalism” of neoliberals led them to seek to “disembed” the “natural” market from society and thus realize their utopian dream of a “self-regulating market.” It is noted routinely that Polanyi was actually writing about the nineteenth century, but critics often make the leap to say that this was a critique of neoliberalism before the fact. Of a piece with the Polanyian language is the idea that the goal of neoliberals is to liberate markets or set them free. The otherwise uncommon adjective “unfettered” is attached habitually to

"markets" as both neoliberal goal and putative reality.²⁵ Against the intention of the authors of neoliberal theory, this metaphor essentializes the object of critique: the market becomes a thing capable of being liberated by agents, instead of being, as neoliberals themselves believed, a set of relationships that rely on an institutional framework.²⁶

The applications of Polanyi's categories have led to key insights, and I build on the efforts of scholars since the turn of the millennium to conceive of the neoliberal project as "a simultaneous roll-back *and* roll-out of state functions."²⁷ Adapting Polanyi, some scholars have even written of "embedded neoliberalism."²⁸ Yet if we want to understand neoliberal thought on its own terms—an essential first step of critique—we should not be misled by the notion of a self-regulating market liberated from the state. Looking at the writings of the neoliberals concerned with global order, one discovers the importance of the fact that Polanyi was their contemporary. Like him, they saw the Great Depression as evidence that the old form of capitalism was unworkable, and they set about theorizing the broader conditions required for its survival. In the words of one scholar, both Hayek and Polanyi were "concerned with socio-institutional responses to the free market."²⁹ In fact, Hayek developed his own idea of "free markets as socially embedded."³⁰ If we place too much emphasis on the category of market fundamentalism, we will fail to notice that the real focus of neoliberal proposals is not on the market *per se* but on redesigning states, laws, and other institutions to protect the market. Legal scholars have been clear on the increasing "legalization" or "juridicization" of world trade.³¹ Focusing on Hayek and his collaborators allows us to understand this within the intellectual history of neoliberal thought.

A 2006 article in the leading neoliberal journal *Ordo* clarified that the founders of the neoliberal movement "added the syllable 'neo'" because they recognized the need to establish "the role of the state both more clearly and differently," including increased attention to the "legal-institutional framework."³² Far from having a utopian belief in the market as operating independently of human intervention, "neoliberals . . . have pointed to the extra-economic conditions for a free economic system."³³ It is an inadequately acknowledged fact that the focus of both German ordoliberalism and Austrian economics is not on the economy as such

but on the institutions creating a space for the economy.³⁴ When Hayek referred to the “self-regulating forces of the economy”—as he did, for example, in his inaugural lecture when taking up his position in Freiburg—he followed immediately with a discussion of the need for a “framework” for the economy.³⁵ The overwhelming focus of his work was on the problem of designing what he called, in his next book after *The Road to Serfdom*, a “constitution of liberty.”³⁶

“Hayek saw clearly,” one scholar writes, “that the market is a social institution embedded in a great variety of institutions in which it gains meaning.”³⁷ Hayek himself dismissed the idea that he was calling for a “minimal state.”³⁸ Although the shorthand phrase “strong state and free market” has its usefulness in explaining neoliberalism, how one defines strength is not self-evident.³⁹ One scholar has argued that it makes little sense to think of the state in quantitative rather than qualitative terms; the question of “how much” state should be replaced by “what kind” of state.⁴⁰ The chapters that follow provide an exposition through time of the neoliberal idea that markets are not natural but are products of the political construction of institutions to encase them. Markets buttress the repository of cultural values that are a necessary but not sufficient condition for markets’ continued existence.

GENEVA SCHOOL, NOT CHICAGO SCHOOL

In 1983 one of Hayek’s students, the leading international economic lawyer Ernst-Ulrich Petersmann, wrote, “The common starting point of the neoliberal economic theory is the insight that in any well-functioning market economy the ‘invisible hand’ of market competition must by necessity be complemented by the ‘visible hand’ of the law.” He listed the well-known neoliberal schools of thought: the Freiburg School, birthplace of German ordoliberalism, and home to Walter Eucken and Franz Böhm; the Chicago School, identified with Milton Friedman, Aaron Director, Richard Posner, and others; and the Cologne School of Ludwig Müller-Armack. Then he cited a virtual unknown: the Geneva School.⁴¹

Who or what was the Geneva School? The following chapters present a narrative about a strain of neoliberalism that has been neglected by

historians. I introduce a set of thinkers who have not been central in the English literature and reframe those like Hayek who have been. I adopt and expand the label "Geneva School" to describe a genus of neoliberal thought that stretches from the seminar rooms of fin-de-siècle Vienna to the halls of the WTO in fin-de-millennium Geneva. My goal in introducing the term is neither to invite hairsplitting about inclusion nor to litigate the roster of its members. Rather, my intention is to remedy the confusion produced when diverse thinkers are contained under the single umbrella term "neoliberal." The Geneva School offers provisional but helpful illumination of those aspects of neoliberal thought related to world order that have remained more or less in the shadows. As proposed here, the Geneva School includes thinkers who held academic positions in Geneva, Switzerland, among them Wilhelm Röpke, Ludwig von Mises, and Michael Heilperin; those who pursued or presented key research there, including Hayek, Lionel Robbins, and Gottfried Haberler; and those who worked at the General Agreement on Tariffs and Trade (GATT), such as Jan Tumlir, Frieder Roessler, and Petersmann himself. Although they shared affinities with the Freiburg School, Geneva School neoliberals transposed the ordoliberal idea of "the economic constitution"—or the totality of rules governing economic life—to the scale beyond the nation.

The distinct contributions of the Geneva School to neoliberal thought are often neglected in English-language discussions. Most histories of the neoliberal movement begin in continental Europe with the meetings in the 1930s and 1940s but shift their gaze to the United States and Great Britain ahead of the neoliberal breakthrough of Reagan and Thatcher in the 1980s. This shift is accompanied by a pointed focus on the Chicago School, and Friedman in particular. Even though some welcome attention is now being given to the field of law and economics and the public choice theory of James M. Buchanan and others of the Virginia School, the overall tendency has been toward an understanding of neoliberal thought that tilts toward the Anglo-American side.⁴² What this misses is the importance of the contributions of those who remained in continental Europe or who, like Hayek, returned to Europe. Correcting this elision is critical because it was the European neoliberals who were most attentive to questions of international order.

My narrative presents a vision of neoliberal globalism viewed from Central Europe, because it was Central European neoliberals who most consistently looked at the world as a whole. Both Chicago School and Virginia School thinkers exhibited the peculiarly American quality of ignoring the rest of the world while assuming that America was a working model of it.⁴³ European neoliberals did not have this luxury, as they existed for most of the century under the influence of varying levels of U.S. hegemony. It made sense that Central European neoliberals were precocious theorists of world order. Their countries did not enjoy a vast domestic market like that of the United States, so they were forced to be more attentive to the question of access to the world market through either trade or annexation. The early end of empire in Central Europe after the First World War also required them to contemplate strategies for balancing state power with economic interdependence. Although the story begins in Vienna, the Swiss city on the lake, Geneva—eventually the home of the WTO—became the spiritual capital of the group of thinkers who sought to solve the riddle of postimperial order.

Most historians would claim that the question of world order had been more or less settled early in the century in favor of the idea of national self-determination offered by both Vladimir Lenin and Woodrow Wilson and demanded by anticolonial actors worldwide. In that view, the principle of self-determination, thwarted at Versailles by the unwillingness of the United States and European empires to live up to their own rhetoric, and waylaid by the fascist expansionism of Italy and Germany and later the Soviet control over its satellite states, eventually triumphed with the wave of decolonization after the Second World War and, most recently, with the end of apartheid in South Africa and Soviet rule in Eastern Europe. Geneva School neoliberals disagreed with this narrative. To their mind, commitments to national sovereignty and autonomy were dangerous if taken seriously. They were stalwart critics of national sovereignty, believing that after empire, nations must remain embedded in an international institutional order that safeguarded capital and protected its right to move throughout the world. The cardinal sin of the twentieth century was the belief in unfettered national independence, and the neoliberal world order required enforceable

isonomy—or “same law,” as Hayek would later call it—against the illusion of autonomy, or “own law.”

Geneva School neoliberals reconciled the tension between the world economy and the world of nations through their own distinct geography. Their global imaginary was sketched by the erstwhile Nazi jurist Carl Schmitt in 1950. Schmitt proposed that there was not one world but two. One was the world partitioned into bounded, territorial states where governments ruled over human beings. This he called the world of *imperium*, using the Roman legal term. The other was the world of property, where people owned things, money, and land scattered across the earth. This was the world of *dominium*. The doubled world of modern capitalism coalesced in the nineteenth century. The ubiquity of foreign investment had made it routine for people to own all or part of enterprises in countries where they were not citizens and had never even set foot. Money worked almost anywhere and could be exchanged into and out of major currencies at the fixed rates of the gold standard. Contracts were enforced universally by written and unwritten codes of business conduct. Even military occupation did not affect private property. Unlike earlier eras of plunder, the land or business was still yours after the enemy army had swept through. To Schmitt, the division between *dominium* and *imperium* was more fundamental than the purely political distinction of foreign and domestic. The most important border did not halve the world like an orange into East and West, or North and South, but preserved overlapping wholes in suspension, like an orange's pith and peel. “Over, under and beside the state-political borders of what appeared to be a purely political international law between states,” he wrote, “spread a free, i.e. non-state sphere of economy permeating everything: a global economy.”⁴⁴

Schmitt meant the doubled world as something negative, an impingement on the full exercise of national sovereignty. But neoliberals felt he had offered the best description of the world they wanted to conserve. Wilhelm Röpke, who taught in Geneva for nearly thirty years, believed that exactly this division would be the basis for a liberal world order. The ideal neoliberal order would maintain the balance between the two global spheres through an enforceable world law, creating a “minimum of constitutional order” and a “separation of the state-

public sphere from the private domain.”⁴⁵ In a lecture he delivered at the Academy of International Law at The Hague in 1955, Röpke emphasized the importance of the division while also pointing to its paradox. “To diminish national sovereignty is most emphatically one of the urgent needs of our time,” he argued, but “the excess of sovereignty should be abolished instead of being transferred to a higher political and geographical unit.”⁴⁶

Scaling national government up to the planet, creating a global government, was no solution. The puzzle of the neoliberal century was to find the right institutions to sustain the often strained balance between the economic world and the political world. The consequences of the doubled globe for reimagining the world after empire are dismissed all too easily in narratives of modern global history as the passage from colonial subjugation to national independence. Few thinkers engaged with the consequences of this doubled world more than the group of economists and lawyers described in these pages. Convinced from the beginning of the century that there was and could only be a single world economy, they strove to reconcile mutual economic dependency with political self-determination.

In his Hague lecture, Röpke suggested that the solution could be found in the space between economics and law.⁴⁷ As the following chapters show, from its beginnings Geneva School neoliberalism has been less a discipline of economics than a discipline of statecraft and law. More than making markets, these neoliberals have concentrated on making market enforcers. When Hayek moved from the University of Chicago to Freiburg in 1962, he became the heir of the homegrown German law-and-economics tradition of ordoliberalism, and most scholars recognize him as an ally, if not a member, of the Freiburg School.⁴⁸ His 1960 work *The Constitution of Liberty* and even more so his 1970s trilogy *Law, Legislation and Liberty* (written during his time in Freiburg) justify this designation, because he became ever more focused on finding a legal and institutional fix for the disruptive effects of democracy on market processes. Unlike the ordoliberals, who called for an “economic constitution” at the level of the nation, the Geneva School neoliberals called for an economic constitution for the world. I argue that we can understand the proposal of the Geneva School as a

rethinking of ordoliberalism at the scale of the world. We might call it ordoglobalism.⁴⁹

Geneva School neoliberals offered a blueprint for globalism based on institutions of multitiered governance that are insulated from democratic decision making and charged with maintaining the balance between the political world of imperium and the economic world of dominium. Dominion is not a space of laissez-faire or noninterventionism but is instead an object of constant maintenance, litigation, design, and care. At the core of the Geneva School imaginary was a vision for what Hayek first saw in the Habsburg Empire—a model of what he called “a double government, a cultural and an economic government.”⁵⁰ Geneva School neoliberals prescribed neither an obliteration of politics by economics nor the dissolution of states into a global marketplace but a carefully structured and regulated settlement between the two.

As noted earlier, social scientists have tended to use the metaphor of insulation to describe the relationship between state and market in neoliberalism. This tendency is ironic. As we will see, neoliberals from the 1930s to the 1970s used a geographic version of the metaphor to attack the belief in the possibility of “economic insulation,” meaning a degree of self-sufficiency that would buffer nations from shocks of change in global markets. Neoliberals described this devotion to self-sufficiency as having the capacity to “destroy the universal society” and “shatter the world.” With the switch to an electricity metaphor in the 1990s, though, it became a neoliberal norm. One of Hayek’s successors at Freiburg wrote, “Hayek’s principal argument is his call for an institutional arrangement that effectively insulates the rule-making authority from the short term demands of day-to-day government.”⁵¹ The semantic change was symptomatic of a larger transformation of world economic imagination: from thinking of the global economy in terms of islands (*insulae*) and territories to imagining it in terms of a unitary circuitry of a wired world. What is insulated now is not the end target of the shock of the price signal but the wire that transmits it. Yet even this metaphor is ultimately unsatisfying. The neoliberal goal is more absolute than the dampening implied by insulation. What neoliberals seek is not a partial but a complete protection of private capital rights, and the ability of supranational judiciary bodies like the European Court of Justice and

the WTO to override national legislation that might disrupt the global rights of capital. For this reason, I propose the metaphor of *encasement* rather than mere insulation of the world economy as the imaginary telos of the neoliberal project—a project in which states play an indispensable role.

This narrative places neoliberalism in history. It traces neoliberal globalism as an intellectual project that began in the ashes of the Habsburg Empire and climaxed in the creation of the WTO. It shows that ordoglobalism was a way of living with the fact that the nation-state had become an enduring fixture of the modern world. What neoliberalism sought over the decades was an institutional encasement for the world of nations that would prevent catastrophic breaches of the boundaries between imperium and dominium. The right institutions, laws, and binding commitments would safeguard the well-being of the whole. This is not a narrative of triumph—the sputtering of the WTO is at best a pyrrhic victory for the specific strain of neoliberal globalism I describe in the following chapters. Instead the narrative shows that neoliberalism as a body of thought clearly originated in an early twentieth-century crisis about how to organize the whole earth.

MILITANT GLOBALISM, NOT MARKET FUNDAMENTALISM

Ordoglobalism was haunted by two puzzles across the twentieth century: first, how to rely on democracy, given democracy's capacity to destroy itself; and second, how to rely on nations, given nationalism's capacity to "disintegrate the world." The first tension is familiar to students of modern Europe. It is well known that democracy can have illiberal outcomes and can even lead to its own self-annihilation by democratic means. Many, especially in Germany, believed that the experience of the period between the two world wars had taught that democracy must be limited. It must be subject to checks and restrictions that would prevent illiberal outcomes. The idea of "militant democracy" was theorized by political scientists in the 1930s and put into practice in postwar Western Europe.⁵² Constitutional courts, in particular, played a key role in fending off challenges to the liberal order from left and right. Many thinkers agreed

that liberal states must show what one social democratic politician called "the courage of intolerance" toward those who rejected the constitutional order.⁵³

The confrontation with mass democracy was also at the heart of the century for neoliberals. On the one hand, they embraced democracy for providing a means of peaceful change and a space for evolutionary discovery beneficial to the system at large—thus proving mistaken those who describe neoliberals as opposed to democracy as such. On the other hand, democracy bore the seed of destruction for the totality. Reflecting on the challenges to the liberal order posed by the demands of a politically mobilized working class, Röpke observed in 1942 that "a nation may beget its own barbarian invaders."⁵⁴ Histories of the neoliberal movement written from the U.S. and British perspectives—as prehistories of the Thatcher and Reagan administrations—miss the specifically post-fascist context of neoliberal prescriptions for domestic and international organization.⁵⁵ In fact, neoliberals were key articulators of what Jan-Werner Müller calls "constrained democracy."⁵⁶ The tension was always between advocating democracy for peaceful change and condemning its capacity to upend order.

If historians miss the post-fascist context, they miss the postcolonial context too. It is seldom observed that Hayek first turned his efforts toward redesigning representative government—risking the charge of inconsistency by his own confession in adopting a "made" rather than a "grown" constitution—in response to the emergence of "new nations" in the wake of decolonization.⁵⁷ His model constitution was not intended, he insisted, for Britain but for both "new nations" and fascist states such as Salazar's Portugal. Speaking of new nations as well as countries in South America with political traditions "not entirely adequate" for democracy, he wrote, "I believe that limiting the powers of democracy in these new parts of the world is the only chance of preserving democracy in those parts of the world. If democracies do not limit their own powers, they will be destroyed."⁵⁸ Historians have chronically overlooked the fact that the end of global empires was essential to the emergence of neoliberalism as an intellectual movement.

Alongside the confrontation with mass democracy, the related tension between the nation and the world was equally as central for neoliberals.

The nation could be useful insofar as it provided services of stabilization (which would often include restrictions to migration) and cultivated legitimacy in the political sphere. But like democracy, it also bore the risk of tipping into excess. Thus, it needed to be constrained just as democracy did. Neoliberals believed in what could be called militant globalism or, adapting Müller's term, constrained nationalism—the need for a set of institutional safeguards and legal constraints to prevent nation-states from transgressing their commitments to the world economic order. Neoliberals were proponents of an institutional framework in which the world economy would survive threats to its holistic integrity. Militant globalism would not displace national states but would work with and through them to ensure the proper functioning of the whole.

As will become clear in the following chapters, it is wrong to see neoliberals as critics of the state per se but correct to see them as perennial skeptics of the *nation*-state. In 1979 Hayek wrote, "It seems to me that in this century our attempts to create an international government capable of assuring peace have generally approached the task from the wrong end: creating large numbers of specialized authorities aiming at particular regulations rather than aiming at a true international law which would limit the powers of national governments to harm each other."⁵⁹ He described this as the "dethronement of politics," but it is just as obviously the dethronement of the nation. Just as proponents of militant democracy perceived a need to constrain democracy, proponents of militant globalism perceived a need to constrain nation-states and set limits on their exercise of sovereignty.

Militant globalism bears resemblances to what Hermann Heller in 1933 called "authoritarian liberalism."⁶⁰ Like him, neoliberals emphasized the need to override popular decisions when they controvert what is seen as the superior principle of the order at large. Scholars have adapted Heller's term to understand the logic of the European Union.⁶¹ An advantage of militant globalism as an explanatory category is its attention to the question of scale, which is neglected in many treatments of neoliberal thought. As the following chapters show, the world frame was not incidental to the prescriptions of many neoliberal thinkers. Nor was their vision particularly amenable to a logic of "dimensions variable."

For the members of the Geneva School, who were attentive to problems of global systemic interdependence, only the world scale was enough. For them, capitalism at the global scale was the *sine qua non* of the normative neoliberal order.

I argue that the encasement of the market in a spirit of militant globalism is a better way of describing the international dimensions of the neoliberal project than the Polanyian terms of disembedding the economy according to a doctrine of market fundamentalism. Polanyi's ideas provide an elegant parable whereby the capitalist world economy progressively eliminates barriers to its own functioning, to the point that it destroys its own capacity for self-reproduction. In this narrative, the market is omnivorous, relentlessly transforming land, labor, and money into commodities, until the basis for social life has been destroyed. Capitalism, according to this analysis, needs an opposition to save it from itself. By confronting and absorbing challenges, from workers' insurance to the welfare state, capitalism secures the social conditions that allow it to persist.⁶² As the following chapters show, an essential aspect of the project of neoliberalism was determining how to preempt the opposition by building an extra-economic framework that would secure the continued existence of capitalism. Rather than a self-regulating market and an economy that eats everything, what the neoliberals envisaged and fought for was an ongoing settlement between imperium and dominium while pushing policies to deepen the power of competition to shape and direct human life. The normative neoliberal world is not a borderless market without states but a doubled world kept safe from mass demands for social justice and redistributive equality by the guardians of the economic constitution.

THE THREE RUPTURES OF THE NEOLIBERAL CENTURY

A neoliberal perspective on the history of the twentieth century amounts to an alternative account of the modern era. In a neoliberal history of the century, decolonization began in 1919; fascism looked promising to some until it raised tariff walls; the Cold War was secondary to the war against the Global New Deal; the end of apartheid was seen by some as

a tragedy; and countries were secondary entities subordinate to the totality of the globe. It is a history where the so-called golden age of postwar capitalism was actually a dark age, governed by Keynesian delusions and misguided fantasies of global economic equality. It is about the development of a planet linked by money, information, and goods where the signature achievement of the century was not an international community, a global civil society, or the deepening of democracy, but an ever-integrating object called the world economy and the institutions designated to encase it.

The following chapters tell the story of the twentieth century through the eyes of neoliberals who did not see capitalism and democracy as mutually reinforcing but who instead faced democracy as a problem. Democracy meant successive waves of clamoring demanding masses, always threatening to push the functioning market economy off its tracks. For neoliberals, the democratic threat took many forms, from the white working class to the non-European decolonizing world. The century was marked by three ruptures, each accompanying an expansion in what German ordoliberal Walter Eucken called in 1932 “the democratization of the world.”⁶³ The first, and most foundational, rupture was the First World War, when nations ceased to uphold the most important condition of world trade and investment—the gold standard. The period after the war brought a crucial blurring of the division between the political and economic worlds and what neoliberals called a “politicization” of the economic, as universal suffrage spread across the West and the new nations of East Central Europe mistook the legitimate goal of independence for the hopeless project of self-sufficiency, dissolving the former regional division of labor, which itself modeled a larger interdependence of the world.

The second rupture came with the Great Depression, beginning in 1929. The thinkers who called themselves neoliberals after 1938 saw the futility of restoring the lost unity of the world economy through academic research and the coordination of international statistical experts. Not only was the task fundamentally political, but it could *only* be political. It is well known that many of the leading figures of the neoliberal movement, including Mises, Hayek, and Haberler, began their careers as researchers of what was called the business cycle, or the patterns by

which economic crises occurred at regular intervals. Less frequently observed is the turn of this group away from statistics and business cycle research by the end of the 1930s. I argue that they concluded that the world economy was sublime, beyond representation and quantification. This conclusion turned them away from the documentation and analysis of the economy as such and toward the design of institutions necessary to sustain and protect the sacrosanct space of the world economy.

Hayek began to realize in the 1930s that the dispersal of knowledge throughout an entire market economy was so complete that no individual could ever gain a functional overview of it. The shock of the 1930s brought with it the realization that the world economy was basically unknowable. Any task of reconstructing the relationship between the two worlds—of many nations and one economy—would have to be a project of redesigning the state and, increasingly after 1945, of redesigning the law. The essence of this project was multitiered governance or neoliberal federalism. In the wake of the mystification of the world economy, the Geneva School neoliberals' most important field of influence was not in economics per se but in international law and international governance.

The century's third rupture came not so much with the Second World War or the Cold War—neither of which have much of a presence in the neoliberal century—but with the revolt of the Global South in the 1970s. The oil shock of 1973–1974 placed postcolonial actors at center stage. Robust demands for economic redistribution and stabilization were enshrined in the Declaration of a New International Economic Order championed by the world's poorer nations and passed by the UN General Assembly in 1974. Confronting both the Global South and the boom in computer-aided models of global reform in the 1970s, the Geneva School developed their own vision of a world economy without numbers—a world of information and rules. For the Geneva School, the period from the 1970s to the 1990s was about rethinking the world economy as an information processor and global institutions as the necessary calibrators of that processor. Trade rules, enforced through internationally enforceable constitutional laws, would ensure stability.

The rise of Geneva School globalism had little to do with the supposed free-market utopianism or market fundamentalism of which it is often accused. It was clear to the intellectuals of the 1930s that the choice was not between a governed nation and an ungoverned world economy. One of the surprises in the narrative I present may be to find thinkers like Hayek and Mises, who are commonly described as libertarian, speaking matter-of-factly about the need for various forms of international and even global governance. The withering away of the relative influence of national states was always to be accompanied by the corresponding strengthening of supranational institutions. The core of ordoliberalism is its own version of what Polanyi called re-embedding the market. The crucial difference between him and the neoliberals is the ends to which the market is being re-embedded. For Polanyi, it was to restore a measure of humanity and social justice. For neoliberals, it was to prevent state projects of egalitarian redistribution and secure competition, alternatively defined as the optimal functioning of the price-signaling system.

VERTICAL FIXES FOR A DISINTEGRATING WORLD

The twentieth century is commonly portrayed as the period of the triumph of neoliberalism. The century had proved neoliberals right, it seemed. All gods other than capitalism had failed. Communism had ended in spectacular dissolution. Despite their apparent victory, however, Geneva School neoliberals throughout the twentieth century were haunted by a vision of a world disintegrating. Sometimes accused of having a smug confidence in the resilience of capitalism, they instead were troubled by the possibility that the global conditions that sustain a capitalist world economy were fundamentally under threat. The dominant emotion felt by the neoliberals at the heart of my narrative was not hubris but anxiety. They expended all of their efforts in attempting to design fixes to stabilize what they saw as a precarious arrangement.

Although I focus on a relatively small number of individuals, I do not ascribe to them a superhuman strength or causality or treat their texts as holy writ. Neoliberal thought has not mapped directly onto reality in

the era since the 1980s. I do not nominate the writings of Hayek or any other thinker as a Rosetta Stone for descrying an internal logic to a necessarily complex reality. Policies and rhetorical strategies enacted since the Thatcher and Reagan victories reflect diverse forces and constituencies that must be considered individually and that resist easy generalization. I do not attempt to deliver either the final word on neoliberalism or a magic bullet theory to summarize decades of ever-morphing global capitalism.

Instead I use the biographies of Geneva School neoliberals as a way to weave through a discussion of a series of institutions that were designed to encase the global market from interference by national governments. The following chapters offer a historical field guide to these institutions, for some of which neoliberal intellectuals were the original architects, but for most of which they played the role of advocate, adopter, or adapter. Hayek's demand to "dethrone politics" was only the first part of the neoliberal fix. The second was not to enthrone the economy but to encase it and find institutional forms to enforce the division. Neoliberals repeatedly sought solutions to the problem of order in a vertical move. The fix was found, time and again, in a scale shift for governance, including in the League of Nations, international investment law, blueprints for supranational federation, systems of weighted franchise, European competition law, and ultimately the WTO itself.

Neoliberalism is sometimes described as descending from a mountaintop, the Swiss peak of Mont Pèlerin in particular. Neoliberals themselves promote the impression of a lofty intellectual detachment through their references to Alexis de Tocqueville, Immanuel Kant, J. S. Mill, and Lord Acton. As we will see, though, the neoliberal luminaries were actually involved in very practical activity—the application of economic knowledge—getting their hands dirty in advising business, pressuring governments, drawing up charts, and gathering statistics. Across the century, neoliberals saw different bodies as potential enforcers for the world market. The following narrative begins with the period just after the First World War. Globalization talk before the Great War produced many of the tropes that still echo today. Economists spoke of the death of distance, the obsolescence of borders, the impossibility of autonomous domestic policy. That period also introduced a cluster of argu-

ments that are central to the neoliberal imagination. The world economy was *unitary* and could not be divided meaningfully into constituent nations or empires. It was *interdependent*, because industrial nations relied on foreign markets for both raw materials and sales, and fluctuations of supply and demand were felt worldwide. It was *infrastructurally homogeneous*, comprising a material network of railroads, telegraph lines, and steamships as well as standard conventions of law, finance, and production. At the same time, it was *functionally heterogeneous*, because different regions specialized in economic activity that suited their particular endowments, producing a greater international division of labor and thus a more efficient use of the world's resources. Most importantly, the world economy had a *supranational* force, capable of overriding attempts by individual polities to influence it.

The International Chamber of Commerce (ICC) was an economically internationalist body that sought to document and propagate the idea of a single world economy. The ICC gathered international economic statistics and advocated for the removal of barriers to trade and the free movement of capital. Immediately following the First World War and the dissolution of the Habsburg and Ottoman Empires, Mises and his circle thought it looked like a good partner. Mises himself was a delegate to the ICC, and the first generation of Austrian neoliberals all worked at the Vienna Chamber of Commerce. From the beginning, the doctrine of neoliberalism reflected an intermingling with the needs of its patrons in the business community. The "world of walls" (Chapter 1) that emerged after the First World War became a counterpoint against which neoliberals imagined their open world economy.

In the 1920s the League of Nations also appeared to some of the future neoliberals as a supranational authority that might be capable of ensuring the conditions of capitalism's doubled world. Mises, Hayek, Haberler, and Röpke helped produce the first synoptic portraits of "a world of numbers" (Chapter 2) in their cooperation with the League in Geneva. By the late 1930s, though, the core of the neoliberal movements responded to the rise of what they called economic nationalism, especially in Central Europe, by denying that the economy could be seen at all. Hayek's position that the economy could not be apprehended by the senses was inconsistent with the emerging field of macroeconomics, but

it also realigned the project of neoliberalism: from talking about the economy to talking about the framework that encased it.

In the 1930s and 1940s, neoliberals devised their own schemes for large-scale order, drawing up plans for international federation in blueprints of double government that would encase the ineffable market. In place of empire, Robbins, Hayek, and Mises proposed "a world of federations" (Chapter 3).

The Bretton Woods system devised in 1944 offered scarce hope to neoliberals that it would function as a guardian of the world economy. The United Nations' solution to the end of empire—granting votes to the proliferating nations of the non-European world—threatened the balance between dominium and imperium. Working again with the ICC, neoliberals helped craft a universal investment code and bilateral investment treaties that they hoped would safeguard capital in "a world of rights" (Chapter 4).

The need to defend the world economy led some neoliberals to seemingly illiberal bedfellows. The case of Augusto Pinochet's Chile is notorious; the neoliberal relationship to apartheid South Africa is less well studied. Here we encounter a split in the Geneva School. Almost all of the neoliberals discussed here rejected race as a category of analysis, especially after 1945, but Wilhelm Röpke is conspicuous for his belief that defending the world economy meant defending Western Christian—and Caucasian—principles against what fellow neoliberal William H. Hutt called "black imperialism."⁶⁴ Röpke's postwar belief in "a world of races" (Chapter 5) was in many ways a marked detour from the mainstream of Geneva School neoliberals. Figures such as Hayek, Friedman, and Hutt also criticized the diplomatic isolation of white minority governments in Southern Africa, but for reasons closer to the concerns of this book—namely, the perils of unconstrained democracy and the need to insulate world economic order from the political demands of social justice.

Far more than the segregationist solutions of Southern Africa, the most hopeful enforcer of the economic constitution in the postwar period for Geneva School neoliberals was the European Economic Community. What came into existence with the Treaty of Rome in 1957 was a compromise with Christian democracy, agricultural interests,

and socialism, but some neoliberals felt that it offered a potential model for "a world of constitutions" (Chapter 6) that could trump national sovereignty in the name of competition. The multilevel model looked like an institutional means of securing market rights.

In the 1970s, Geneva School neoliberals scaled up the example of Europe to confront the demands of the world's poorer nations for a New International Economic Order (NIEO). Building on Hayek's theories, his students and followers at the GATT constructed a counter-theory to the NIEO that they hoped would prevent what they called economic decolonization from disrupting world order from the margins. Hayek's students at the GATT developed an understanding of the global economy as "a world of signals" (Chapter 7) for communicating prices for which binding constitutionalized legal frameworks were necessary to preserve conditions of predictability and stability for individual economic actors. This thinking was an important intellectual stream leading into the creation of the WTO—a crowning victory of the neoliberal project of finding an extra-economic enforcer for the world economy in the twentieth century.

When the GATT moved into the former headquarters of the International Labour Organization in 1977, they renamed the building the Centre William Rappard after the Swiss neoliberal and host of the first Mont Pèlerin Society meeting, who brought Röpke, Mises, Hayek, and Robbins to Geneva in the 1930s and 1940s. When the WTO opened in 1995, it was in this building. The long intellectual prehistory of the high point of the Geneva School of neoliberalism shows that, at its origins, neoliberalism was not only a philosophy of free markets but also a blueprint for double government in capitalism's doubled world. Covering the better part of a century as it does, my account is necessarily incomplete. It focuses on the period from the early 1920s to the early 1980s, mostly ending before the breakthrough of neoliberal policies with the governments of Reagan and Thatcher. It does not explore the worthy topics of the conversion of the IMF and World Bank to the policies that became known as the "Washington Consensus." Similarly absent are the transformations in international monetary governance, including the rise of monetarism, the end of the Bretton Woods system, the introduction of the euro, and changes in central bank policy. This means

leaving out the all-important question of finance, which was perhaps the single most important transformation in global capitalism since the 1970s. One reason for the omission is that these topics have been covered comprehensively by other authors, whose excellent work is cited in this Introduction's endnotes.⁶⁵ Other reasons are the constraints of space and my desire to tell one story with enough detail to avoid the generalizations that plague the social science literature.

The narrative offered here is a fairly contained story, presented largely through biography, about three generations of thinkers, from the Mises Circle in 1920s Vienna to the international economic lawyers of Geneva who helped theorize the WTO in the 1980s. Its focus is on the specific notion of a double government form designed to encase the respective fields of dominium and imperium. It finds the intellectual origins of neoliberal globalism in the reordering of the world that came at the end of empire and finds the historical roots of paradigms of international economic law and neoliberal constitutionalism more often covered by political scientists and sociologists than historians. Looking at the century from Geneva (rather than Chicago, Washington, or London), we see a strand of thought that held that, in order to survive, the world economy needed laws that limited the autonomy of nations. We see a version of neoliberalism where the core value is not the freedom of the individual but the interdependence of the whole.

It is important to note at the outset that none of the ideas proposed here ever reigned uncontested, and very few had the status of mainstream common sense. The success and failure of neoliberalism as a historical phenomenon cannot be explained only through close study of the writings of its best-known thinkers. I don't make a case for the success or failure of neoliberalism. But I do aim to shed light on a number of moments where neoliberal thought was translated into policy or institutional design through partnerships with politicians, bureaucrats, or businesspeople. As a political project, the many real-world effects of neoliberalism are documentable. One can write their histories. This book offers one such history by putting the neoliberal project into a broader framework than other scholars have provided to date. All but ignored by existing histories, the questions of empire, decolonization,

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and the world economy were at the heart of the neoliberal project from its inception.



The fact that the paradigmatic product of Geneva School neoliberalism—the WTO—has been riven with exceptions, infractions, and ignored rules only shows that the clash of economic ideas is far from finished and that the world economy continues to be redefined.⁶⁶ As one historian notes, one of the most striking facts about the elaborate legal regime established to protect private property rights in the postwar period is that “it did not work.”⁶⁷ The early twenty-first century has been marked by ever more countries refusing investment treaties or withdrawing from existing ones.⁶⁸ Ever more countries are choosing not to turn to the IMF for loans, chastened by the punishments delivered by electorates after past programs of austerity imposed by diktat. Visions of national economic sovereignty—and claims made in its name—have proven a harder nut to crack than the more optimistic neoliberal theorists believed it would be.

It should be more obvious than ever that to discuss neoliberal ideas of order, especially at the supranational level, is not to assert neoliberal omnipotence. Since the global financial crisis of 2008, so-called populist movements from left to right have multiplied and taken aim at many of the institutions described in these chapters. In the time it took to write these pages, globalism itself has gone from a rather obscure term of academic analysis to a target of right-wing opprobrium, helping to fuel the campaign of the winning candidate for the world’s most powerful office. Globalists, defined (if at all) as a shifting and often shadowy combination of the financial, political, and academic elite, are routinely scapegoated for all that ails the body politic and viewed as specters of an identity dangerously unmoored from the concerns of ordinary people. The following chapters narrate the self-perception of those who would welcome being labeled “globalists.” They help bring neoliberalism down to earth by casting both neoliberalism and globalism less as abstract overarching logics of history than as political projects populated by discrete individuals occupying specific places and

moments in time. For all of the alternating handwringing and obituary writing of its critics, and the alternating self-congratulation and despair among its celebrants, neoliberal globalism remains one argument among many. What follows is a story, not of a victory, but of an ongoing struggle to determine which principles should govern the world economy, and, by extension, all of our lives.