

BOOK REVIEW

The Capital Order: How Economists Invented Austerity and Paved the Way to Fascism

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‘We have maxed out the public credit card!’ said the English prime minister Rishi Sunak in November 2021. After the new wave of state intervention that the COVID-19 crisis brought breaking decades of neoliberalism, the bells of austerity started ringing again. While we are today conned by multiple crises and the narrated solution of tightening the public belts comes up as inevitable to contain our expensive welfare states, Clara Mattei’s book is a reminder of both the consequences and the origins of austerity: austerity and thrift have much more to do with class struggle and the defence of the capitalist order than with economic equilibria.

The book reconstructs the historical unravelling of one of the most tumultuous periods of the 20th century, namely the post-WWI economic crisis and the rise of the fascist regime. Mattei’s main argument is that the historical phase following WWI saw a real crisis of capitalism as a production system. Due to the war-fuelled state intervention, a critique of production relations transformed quickly into a critique of the social order protected by the state. In such a fundamental crisis, new ways to organize production emerged, unfolding from the new forms of state intervention. Such innovative – yet threatening – ideas triggered a reaction and capitalist elites found in austerity a defence to the systemic threats facing the capitalist system. Here is important to note that Mattei’s notion of austerity is broader than budget cuts, as it is instead often understood today. Mattei’s understanding of austerity comprises a trinity of economic policy interventions in industrial, monetary and fiscal policies. In 1920s Europe, while multiple disorders, factory occupations, strikes and sabotages seemed to put the capitalist system in danger, capitalists implemented austerity intervention, legitimated by a consensus around austerity’s virtues built amongst academics, policy makers and the general public. However, when consensus did not suffice, they resorted to ‘coercion’: they bypassed the democratic process through technocratic decision making. This is why the second argument developed in the book is that depoliticization (understood as the separation between political debates and economic theory) was a fundamental element of the reaction against threats to the capitalist system: only through technocracy, austerity’s ‘primary ally’, could the economic experts ‘exclude capital as a variable’ (p.131).

The book uses impressive archival material to reconstruct this mechanism in Britain and Italy. The two cases show striking differences, yet also similarities: in Britain, the tool of consensus around the austerity project had much more of an essential role in the story, and the ability of pivotal technical figures within the treasury to strike alliances with emerging intellectuals paved the way for a transformation of British state intervention in the 1920s. In Italy, the coercion mechanism was much more evident and violent: the rise of the fascist regime paved the way for much more direct interventions to discipline workers and maintain the capitalist order. However, despite these differences, the comparison helps us see different sides of the same coin: coercion can be exercised through the effects of austerity policies with or without fascist repression.

Three aspects of this book are particularly critical: first, Mattei's engagement with other political economy perspectives; second, her conceptualization of austerity as a strategy; and, third, the applicability of her theoretical framework to more contemporary analyses.

The argument about the feedback relation between a phase of expansion of the state and experimentation of a non-capitalist form of production followed by one of fascist repression and reinstatement of capitalism cannot fail to remind us of the description of the double movement in the Great Transformation of Karl Polanyi (1944). The parallel between the two is obvious, although Mattei does not directly engage with it, forcing us to draw a connection ourselves. The main difference between her argument and Polanyi's is the emphasis on the opposition between classes as the mechanism that rules such feedback relation. Polanyi's perspective focuses more on the organic movements of capitalism and less on the antagonism between opposing material interests that he deemed too economic (Polanyi, 1944). Mattei's book adopts a particular perspective drawn from Marxist political economy, where this complex historical reconstruction focuses on the class origin of the austerity dynamics. This perspective is clear and carried throughout the book coherently and refreshingly. However, she fails to explicitly situate her narrative into this perspective, engaging with existing critiques of its approach and arguing over the limitation of a story narrated from this perspective.

Second, the book portrays a specific concept of austerity that is very all-encompassing: it comprises labour subjugation, monetary control and fiscal consolidation, but also technocracy, depoliticization and coercion. This expansion of the traditional economic concept of balancing budgets is Mattei's main theoretical contribution, which is extremely important as it draws the connection between all those elements but tends, at times, to be overly encompassing and deterministic. Similarly, to other concepts that try to summarize conservative economic turns (such as neo-liberalism), the concept of austerity here gets stretched over to become overreaching and losing some of the explicit elements of the original idea per se.

Finally, the book seems to imply that austerity only exists to maintain the order established by capitalism. Still, throughout history, many other political traditions have included austerity as the moral principle of 'consume less, save more' in their thinking, even in opposition to the capitalist system. From Enrico Berlinguer's communist austerity of the 1970s, through the post-colonial critiques of the capitalist system, to some forms eco-socialism today, we see elements of austerity being proposed for purposes subversive of the capitalist system. These alternative refusals of consumption also call for austerity while advocating for technocratic solutions. One example is the discussion around de-growth, which aims at drastically reducing consumption and production while involving scientific expertise in policy making as traditional democratic processes have so far struggled to address the existential threat of climate change. This aspect does not detract from the book's enlightening contribution and the usefulness of a concept of austerity that emphasizes its class aspect. Still, in attempting to utilize Mattei's conceptual framework outside the book's scope, it is essential to remain aware of other possible implications.

In conclusion, Mattei's book offers an illuminating historical reconstruction and analysis that, despite its collocation within a specific historical perspective, could enrich both historical and contemporary debates. The chapters on Italy, brilliantly written and full of historical details, in particular, urge us to recall the darker implications of some of the figures traditionally celebrated as the fathers of economic thought and make us reflect on the risks and democratic underpinnings of technocratic policymaking that champions pure economics. In general, reading this book can be a helpful journey in understanding the class origins of some of the 'dangerous ideas' that still today are portrayed to us as apolitical economic recipes.

Reference

Polanyi K (1944) *The Great Transformation: Economic and Political Origins of Our Time*. New York: Rinehart.