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According to neoliberal economists and pundits, the financial crises that roiled American and European markets in the early twenty-first century resulted from swollen public bureaucracies administering extravagant social welfare programs and spendthrift consumption of luxury goods and homes. Such profligate behavior produced unsustainable levels of public and private debt. The solution, critics charged, was to slash spending, shrink government, eliminate deficits, and live within one’s means. From European politicians to grassroots Tea Party activists in the United States, a growing chorus insisted that austerity was the necessary and natural solution. They contended that states must curb demands for special privilege and allow the forces of the free market to restore economic growth to sustainable levels. Alternative measures, such as Keynesian fiscal methods to stimulate the economy with greater spending, or higher taxes to reduce deficits, only threatened to undermine the confidence of market actors and stifle those necessary adjustments required to alleviate the crisis. This broad coalition, therefore, demonstrated the elevation of pro-austerity policies to the “political mainstream.” Yet despite these assumptions austerity-based responses to financial crises were neither “neutral nor natural” (p. 2).

In *Architects of Austerity: International Finance and the Politics of Growth*, Aaron Major, an associate professor of sociology at SUNY Albany, provides an enlightening contribution to a growing body of scholarship that revises traditional interpretations of the origins and ascendance of free market neoliberal ideology. According to Major, the conventional narrative locates the emergence of neoliberal policies in the weakening of the Bretton Woods system of fixed exchange rates and the perceived failure of Keynesian demand-management economic policies during the early 1970s. The breakdown of public institutions, in this reading, created space for the reemergence of private financial actors committed to fiscal orthodoxy and austerity-based solutions. Major insightfully constructs an alternative interpretation in three broad phases. First, he situates the origins of neoliberalism earlier, in the late 1950s and 1960s, locating it with the initial phases of the postwar Bretton Woods order. This reflects similar recent efforts to push back the origins of contemporary neoliberalism explored in Angus Burgin’s *The Great Persuasion: Reinventing Free Markets since the Depression* (2012) and Daniel Stedman Jones’s *Masters of the Universe: Hayek, Friedman, and the Birth of Neoliberal Politics* (2012). Major offers a unique and convincing contribution to the historiography, however, with a focus on semipublic institutions and intergovern-
Major pays particular attention to the role of intergovernmental bodies as an arena for debate and a launching point for advocates of classical liberalism. Rather than the IMF, with its high political visibility, Major focuses on the role of the Organization for Economic Cooperation and Development (OECD) and its Economic Policy Committee (EPC). Without financial resources to affect change or an influential permanent bureaucracy, like the IMF, the OECD served as a forum for discussion among state representatives. Major draws attention to multiple levels of debate taking place within the OECD. National governments advocating embedded liberal solutions clashed with classical liberal national monetary authorities. At the same time, not all states preferred the identical economic growth and adjustment strategies. Americans, faced with international payments deficits by the late 1950s, favored what Major calls an “imperial Keynesianism” of open markets to ensure sufficient demand for goods and capital, and were not inclined to compromise domestic employment policies to restore balance. Germany, the Netherlands, and Switzerland, what he terms the “social market conservative” states, subordinated employment and growth to price stability and international payments balance (p. 48). This multi-level debate is important in a number of respects. First, it demonstrates that classical liberalism was not something that was either inevitable or foisted on the world by the United States. Instead, as Major skillfully demonstrates, a diverse constituency of interests, motivated by unique concerns and particular domestic forces, supported classical liberal solutions. Second, as Major recognizes, it shows that embedded liberal ideas still had fight to be heard more than a decade after the founding of the Bretton Woods system that had supposedly institutionalized these policies. Rather than emerging as the Bretton Woods embedded liberal order weakened, classical liberalism coexisted throughout.

During the era, the OECD remained an area for debate and never formally resolved the conflict between advocates of growth and those of domestic and international payments stability. Nevertheless, Major’s examination of the Italian, British, and American experiences demonstrates that the practical policy recommendations that emanated from it largely reflected classical liberal ideas. Drawing primarily on the minutes and reports of various OECD working groups, Major highlights two aspects of this transnational experience. First, the EPC prioritized fiscal orthodoxy and international payments balance ahead of domestic growth, employment, or political concerns. Second, that dependence on foreign govern-
ments and private investor confidence to maintain currency values and finance deficits created leverage for austerity advocates to force policy compromise and put these orthodox recommendations into action.

Major demonstrates that domestic goals of development, economic growth, and full employment repeatedly ran afoul of and were trumped by calls for low inflation and international payments stability. In the early 1960s, the Italian Christian Democrats abandoned efforts to reconcile with the country’s political left and to boost employment when speculators attacked the lira, fearing deficits and inflation. Despite a track record of stable growth, the EPC pressured Italy to reduce spending and accept a deflationary credit restraint. International concerns similarly motivated EPC calls for Italy to boost consumption after 1965. Rather than promoting growth or employment, the EPC sought to reduce what it believed to be an excessive Italian payments surplus and restore balance. Major convincingly argues that even when the EPC advocated embedded liberal means, these were in the pursuit of classical liberal ends. Similarly, Harold Wilson’s Labour government in Britain moderated growth and employment goals and accepted policies to restore international payments surpluses and retire short-term debt. The United States, according to Major, was not immune to similar pressures. While historians have increasingly challenged the notion of American hegemony within the Bretton Woods order, Major finds that the John Kennedy administration was “compelled to compromise,” accepting tighter monetary policy than it preferred, to satisfy international concerns (p. 155). The sum of these three episodes is instructive. According to Major, neither a track record of stable growth, like Italy, nor theoretical dominance, such as the United States, was enough to insulate domestic policies from classical liberal prescriptions, even in the supposed heyday of the embedded liberal era.

As Major explains, this vulnerability resulted from structural shifts within the Bretton Woods system, such as increased capital mobility. These evolving “structures of dependency” heightened reliance on foreign financing and the confidence of private investors, increasing the influence of national monetary authorities and central bankers (p. 9). Speculative attacks on the lira, in part, forced Christian Democrats in Italy to abandon employment goals and reconciliation with the political left. Britain’s Labour government similarly depended on private investors and foreign states, particularly Germany, to support the value of sterling and to finance short-term deficits while it undertook long-term economic restructuring. A similar reliance, coupled with the need to convince investors not to convert dollar holdings into gold, plagued the Kennedy administration. In each case, Major argues, this exposure offered leverage to advocates of classical liberal policy solutions. The ability of President Lyndon Johnson’s administration to prioritize the Great Society’s social welfare agenda was the result of temporary changes in the source, rather than the size, of American deficit financing. The failure of Johnson’s agenda was not the inevitable collapse of “excessive demand” resulting from the Great Society and the Vietnam War. Instead, Major contends, it resulted from irresolvable tensions between domestic policies of “fiscal expansion” and international and central banker pressure for “monetary restraint” (p. 159).

The result is the triumph of a new neoliberal orthodoxy, whereby empowered transnational monetary authorities use domestic tools to control inflation in pursuit of international stability. The technocratic language of monetary authorities obscures the classical liberal origins and naturalizes the assumed primacy of the free market and austerity biases. These beliefs have subsequently been institutionalized in the various Basel accords, imposing rules to prevent domestic crises with the aim of preserving international stability.

While certainly a highly informative scholarly contribution, Major’s *Architects of Austerity* is not without its weaknesses. While Major asserts that central bankers converged in their policy outlooks and increasingly shed nationalist identities, a more thorough examination of the lines of influence, or lack thereof, between all the states involved would have been beneficial. Additionally, because of the notable absence of a substantive treatment of the Cold War in Major’s analysis, one is left with little information about the role of political and security issues. For example, how did the cost that the United States incurred supporting troops in Germany empower it to resist or delay classical liberal demands for adjustment? Nevertheless, Major has certainly produced a tightly argued and focused analysis, which insightfully and convincingly demonstrates the perseverance of classical liberal ideas and their role in constructing specific policy prescriptions throughout the postwar era. *Architects of Austerity* offers a unique and valuable lens on the origins of contemporary neoliberal economic policy.
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