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Philip Mirowski has written an important book, one well worth reading. Both an economist and an historian/philosopher of science, Mirowski is unusual in being highly attuned to the purging (long ago) of both economic history and the history of economic thought from the Anglo-American academic “economics” curriculum. 99% of the “professional economists”, in academia, business and government, drank the neo-liberal Kool-aid long ago, and marginalized, silenced and ridiculed the tiny minority of “Cassandras” in their profession who in one way or another predicted the something like the 2007-2008 meltdown and its aftermath. After the crisis hit with full force, from the sub-prime real estate meltdown to the liquidation of Lehman Brothers to its internationalization through the “new financial instruments” of “securitization” sold around the world in the presumed “slicing and dicing of risk”, these same professional economists reacted with different forms of denial, and above all denial that anything in their neo-liberal paradigm, the belief in the infinite wisdom of markets, required a rethink. Further, through a series of interlocking institutions of influence, what Mirowski calls the “Russian doll” of layers within layers of think-tanks, media outlets and policy wonks, these same economists managed to convince a fair part of the “public” that the crisis had been caused by “big government” interfering with their market utopia. For these people, every apparent debacle of the “rational allocation of resources” or the “efficient markets hypothesis” had one obvious solution: still more, and still freer, markets.

But there is worse to come, much worse. Mirowski sees neoliberalism reaching far into what he calls the “left”. He does not include in this category “those benighted few, those Revenants of the Economic Rapture”, by which he means Marxist theoreticians of breakdown crisis (including, presumably, the likes of this author). Mirowski addresses himself to “a different, more general audience. The Great Contraction has completely wrong-footed people who used to be (sic) called ‘socialists’ or “progressives’, confounding every expectation that they had finally achieved some small measure of vindication for their understanding of the economy”. I presume Mirowski is not thinking here of (whatever their problems, and there are many) Levi and Dumesnil (to the extent they are Marxists), Robert Boyer, Robert Brenner, Francois Chesnais, Robert Kurz, Andrew Kliman, Alan Freeman, Jürgen Heinrichs, Anwar Shaik, Robert Guttman, David Harvey, Paolo Giusanni or spinoffs of the Japanese Uno school such as Richard Westra. Nor is he thinking, apparently, of conferences of rock concert dimensions on Marx in both Europe and the U.S. since 2007.

But let this go, for now. We do not insist, at least not initially, that every useful book on the crisis seriously engage Marxian theory. But this virtual silence about Marx and Marxian crisis theory (Mirowski is, it must be recalled, writing about professional economists in the Anglo-American world), combined with Mirowski’s demonstration of how far neoliberal thinking has pervaded what he calls the “left” (including figures such as Paul Krugman, Jeffery Sachs and Joseph Stiglitz) actually points to a deeper problem which he barely mentions, namely the fading away, for over 40 years, of any viable “reformism” in the advanced capitalist world (or anywhere else for that matter). We hardly need to waste words on the farce of the Obama administration, nor on the various Socialist and Labour governments that have come and gone in Europe since the 1970’s, all without exception toeing the neoliberal line. But politics, like nature, abhors a vacuum, and the absence of the type of “reformists” who built the post-1945 welfare state since the 1970’s points to a deep structural reality in world capitalist accumulation: there is no social space for them.

But this said, Mirowski’s book is far too rich to be casually dismissed for not discussing what he did not intend to discuss. He rightly dismisses nostalgia for some pre-1970’s Golden Age, of those who wish to reregulate the economy (while he points out that it has been the neo-liberals who have actually reregulated the way the economy is managed). The neoliberals, as Mirowski demonstrates in detail, are way beyond the “economy” and have pushed their market theories into every sphere of life, from sex to climate change (some of us Rapture theorists call this the “real domination of capital”, taking off from the Unpublished Sixth Chapter of Volume One of Marx’s magnum opus). Mirowski is strongest, perhaps, in showing how the economists have appropriated methods (especially from the thickets of mathematics) from other fields, above all the natural sciences. Orthodoxy is set down not by the likes of past (presumed) giants (he
mentions John Stuart Mill, Alfred Marshall, Paul Samuelson et al.) but by “a few journals that are designated indispensable” and “a few highly ranked departments” rather than “any clear intellectual standards…graduates are socialized and indoctrinated by forcing them to read articles from those journals with a half-life of five years.” Given this socialization, Mirowski’s book is dedicated to exploring the ways in which the crisis has not yet served as “an exemplary instance of falsification of much of anything…”.

Neo-liberalism originated in 1947 with the founding of the Mont Pelerin Society by the likes of Friedrich von Hayek and others who had been humiliated and marginalized by the triumph of Keynesianism and welfare statism coming out of the post-1929 crisis. Unlike the “night watchman” state of classical 19th century liberalism, neoliberals in reality are willing to countenance a strong state, if it is one that enforces “free markets” (one need only think of their involvement with Pinochet’s Chile). From this initial core, another layer of Mirowski’s Russian doll was the takeover of some academic departments. This was followed by foundations and think tanks dedicated to the spread of the gospel. Another step was into Rupert Murdoch-type journalism, and beyond that to supposedly grassroots single-issue political movements. This Russian doll structure “helps explain why neoliberalism cannot be easily inscribed on a set of three-by-five cards”. The strong state dimension is the basis for the “neo” in neoliberalism; “if anything, bureaucracies become more unwieldy under neoliberal regimes.” The suspicion of concentrated power in classical political economy from Adam Smith onward is replaced in neoliberalism in the belief that corporations can do no wrong.

All in all, except for our one proviso, a very good and worthwhile book.