Contemporary European History (2025), **34**, *557–568*
doi:10.1017/S0960777323000656

CAMBRIDGE UNIVERSITY PRESS

REVIEW ARTICLE

Democracy, Authoritarianism and Global Economic Governance

Johanna Gautier Morin

Department of History, European University Institute, Florence, Italy
johanna.gautier@eui.eu

Jamie Martin, *The Meddlers: Sovereignty, Empire, and the Birth of Global Economic Governance* (Cambridge, MA: Harvard University Press, 2022), 352 pp. (hbk), £34.95, ISBN: 9780674976542.

Clara Mattei, *The Capital Order: How Economists Invented Austerity and Paved the Way to Fascism* (Chicago: University of Chicago Press, 2022), 480 pp. (pbk), $30.00, ISBN: 9780226818399.

Nicholas Mulder, *The Economic Weapon: The Rise of Sanctions as a Tool of Modern War* (New Haven: Yale University Press, 2022), 448 pp. (pbk), $24.00, ISBN: 9780300259360.

Quinn Slobodian, *Globalists: The End of Empire and the Birth of Neoliberalism* (Cambridge, MA: Harvard University Press, 2018), 400 pp. (hbk), £30.95, ISBN: 9780674979529.

Four weeks after Russia's invasion of Ukraine, US Senator John Kennedy accused the Biden administration of indirectly providing over $17 billion to Moscow as Putin was gearing up for war.[1] In August 2021, the International Monetary Fund had indeed approved a historic $650 billion allocation of Special Drawing Rights to help member countries struggling with the Covid crisis. Russia benefited from these money transfers, as did Iran, China, and Myanmar, notwithstanding the authoritarian consolidation of these regimes.[2] Kennedy's op-ed sparked a debate about the lack of transparency in the use of crisis resources and led to the adoption in the United States of the 'Russia and Belarus SDR Exchange Prohibition Act', which bans currency transactions with these countries through the IMF, following the imposition of 2,500 sanctions by the US Treasury since February 2022.[3] The op-ed also reignited a decades-old debate over whether international organisations such as the IMF, World Bank and World Trade Organisation (WTO) should be held accountable for supporting authoritarian and corrupt governments or interfering in the politics of sovereign nations.[4]

From the late 1940s, multilateral financial institutions have claimed an axiological 'neutrality' that decouples the economic from the political and social spheres to justify their cooperation with non-democratic regimes.[5] This distinction 'naturalises' economic laws and negates the anthropological

[1] John Kennedy, 'No More IMF Subsidies for Dictators', *Wall Street Journal*, 22 Mar. 2022.

[2] International Monetary Fund, 'Tracker on the Use of Allocated SDRs: Promoting Transparency and Accountability in the Use of the 2021 SDR Allocation', available at https://www.imf.org/en/Topics/special-drawing-right/SDR-Tracker (last visited 12 Aug. 2023).

[3] Russia and Belarus SDR Exchange Prohibition Act of 2022, H.R. 6899, 117th Cong. (2022), available at https://www.congress.gov/bill/117th-congress/house-bill/6899 (last visited 12 Aug. 2023).

[4] On the public criticism of these three organisations, see Richard Peet, *Unholy Trinity: The IMF, World Bank and WTO* (London: Zed Books, 2009).

[5] On normativity, neutrality, and moral purpose and the role of international institutional actors in the architecture of the international order, see Dennis R. Schmidt and John Williams, 'The Normativity of Global Ordering Practices', *International Studies Quarterly* 67 (2023): 1–13.

© The Author(s), 2024. Published by Cambridge University Press. This is an Open Access article, distributed under the terms of the Creative Commons Attribution licence (http://creativecommons.org/licenses/by/4.0/), which permits unrestricted re-use, distribution and reproduction, provided the original article is properly cited.

https://doi.org/10.1017/S0960777323000656 Published online by Cambridge University Press

embeddedness of economic life in order to manage societies through technocratic expertise – a principle hardly compatible with democratic self-determination.[6] However, the history of IMF and World Bank lending belies this apolitical neutrality. Quantitative analyses of the conditions attached to IMF loans since 1970 conclude that geoeconomic fragmentation coincides with diplomatic proximity. In other words, the IMF has historically imposed harsher conditions on governments leaning towards the left.[7] The historiography of twentieth-century international relations thoroughly supports the idea that the work of these postwar institutions was 'inextricably linked to the geopolitical imperatives of the Cold War'. Beginning with the World Bank's lending to Yugoslavia in 1948, and later expanding to Southeast Asia and Latin America, 'loans were used to support and win allies in the Cold War against the USSR', regardless of human rights violations.[8] In the most extreme cases, international financial institutions supported military-led development programmes in Indonesia, Argentina, Chile, Ecuador, and elsewhere to counter the spread of communism in the Global South.[9] Historians have traced the intellectual origins of this doctrine back to the 1950s, with the convergence of rational choice liberalism and anti-Marxist crusades, highlighting the neoliberal intellectual dominance of international financial institutions.[10]

New research in the fields of economic history, anthropology, and sociology has, however, realigned the temporal frames we use to understand the twentieth-century international economic order. Spotlighting previously overlooked institutional actors, networks, and economic thinkers, new narratives focus on the 1920s as a pivotal decade.[11] As part of this historiographical renewal, Jamie Martin, Clara Mattei, Nicholas Mulder, and Quinn Slobodian delve back into the reconstruction era after the

[6] On the naturalisation of monetary policies and the circulation of international experts from top-tier US and European universities to the Global South, see Paul W. Drake, *Money Doctors, Foreign Debts, and Economic Reforms in Latin America from the 1890s to the Present* (Lanham: SR Books, 1994); Marc Flandreau, ed., *Money Doctors: The Experience of International Financial Advising, 1850–2000* (London: Routledge, 2005).

[7] Axel Dreher and Nathan Jensen, 'Independent Actor or Agent? An Empirical Analysis of the Impact of U.S. Interests on International Monetary Fund Conditions', *Journal of Law and Economics* 50, no. 1 (2007): 105–24; Ariel Akerman, Leonardo Weller and João Paulo Pessoa, 'The West's Teeth: IMF Conditionality during the Cold War', *The World Economy* 45, no. 7 (2022): 2034–51.

[8] Ngaire Woods, *The Globalizers: The IMF, the World Bank, and Their Borrowers* (Ithaca, NY: Cornell University Press, 2006), 33.

[9] On the nexus between global development and anticommunism, see Sara Lorenzini, *Global Development: A Cold War History* (Princeton: Princeton University Press, 2019). On the ambiguous support to anti-democratic governments and destabilising actions of the IMF and World Bank in sovereign states, see Bradley R. Simpson, *Economists with Guns: Authoritarian Development and US-Indonesian Relations, 1960–1968* (Redwood City, CA: Stanford University Press, 2008); Claudia Kedar, 'The Beginning of a Controversial Relationship: The IMF, the World Bank and Argentina, 1943–46', *Canadian Journal of Latin American and Caribbean Studies* 35, no. 60 (2010): 201–30; Claudia Kedar, 'Economic Neutrality during the Cold War: The World Bank, the United States, and Pinochet's Chile, 1973–1977', *Cold War History* 18, no. 2, (2018): 149–67; Jon Kofas, 'The IMF, the World Bank, and U.S. Foreign Policy in Ecuador, 1956–1966', *Latin American Perspectives* 28, no. 5 (2001): 50–83; Raúl García Heras, *El Fondo Monetario y el Banco Mundial en la Argentina. Liberalismo, populismo y finanzas internacionales* (Buenos Aires: Lumiere, 2008); Carlos Urzúa, 'Five Decades of Relations Between the World Bank and Mexico', in *The World Bank: Its First Half Century, Vol. 2: Perspectives*, eds. Devesh Kapur, John Lewis, and Richard Webb (Washington, DC: Brookings Institution Press, 1997).

[10] Yves Dezalay and Bryant G. Garth, eds., *Global Prescriptions: The Production, Exportation, and Importance of a New Legal Orthodoxy* (Ann Arbor: University of Michigan Press, 2002); S. M. Amadae, *Rationalizing Capitalist Democracy: The Cold War Origins of Rational Choice Liberalism* (Chicago: University of Chicago Press, 2003); S. M. Amadae, *Prisoners of Reason: Game Theory and Neoliberal Political Economy* (Cambridge: Cambridge University Press, 2015); Dieter Plehwe, Bernhard Walpen, and Gisela Neunhöffer, eds., *Neoliberal Hegemony: A Global Critique* (London and New York: Routledge, 2006); Philip Mirowski and Dieter Plehwe, eds., *The Road from Mont Pèlerin: The Making of the Neoliberal Thought Collective* (Cambridge, MA: Harvard University Press, 2009); Dieter Plehwe, Quinn Slobodian, and Philip Mirowski, eds., *Nine Lives of Neoliberalism* (London: Verso, 2020).

[11] Susan Pedersen, *The Guardians: The League of Nations and the Crisis of Empire* (Oxford: Oxford University Press, 2015); Patricia Clavin, *Securing the World Economy: The Reinvention of the League of Nations, 1920–1946* (Oxford: Oxford University Press, 2013); Adam Tooze, *The Deluge: The Great War, America and the Remaking of the Global Order, 1916–1931* (New York: Allen Lane, 2014).

https://doi.org/10.1017/S0960777323000656 Published online by Cambridge University Press

First World War to identify the roots of the problem in the foundation of the international financial architecture. Canonical scholarship on global economic governance had focused on the interwar period as an interregnum between two global catastrophes, looking for the harbingers of the Second World War in economic deglobalisation and the fragility of the international monetary system.[12] The technical complexity of economic issues has fragmented knowledge of this period, and despite claims of 'global' and 'transnational' historiographical turns that combine political, social, and economic analyses, the international domain often remains an 'under-theorized space, conceived as a limited set of national relationships'.[13] The history of the League of Nations and the Bank of International Settlements (BIS), in particular, has long been plagued with two preconceptions: because the League has failed to secure lasting peace – its original intended purpose – its history has not caught the attention of political historians who preferred to focus on interstate relations. Similarly, scholarship on the BIS has long ignored international relations; it remained the preserved domain of economic historians working on central banks.[14]

The 100th anniversary of the Genoa Economic and Financial Conference (1922) reminds us, however, of the delicate balance that a nascent international technocracy sought to restore at any cost after the First World War. The obsession with a return to order after the greatest collapse the Western world had ever suffered led to all sorts of compromises. Early institutional attempts to govern the economic world raised the question of the underlying social contract and the capitalist peace project that justified coalitions between liberals and autocrats. Avoiding the next crisis, restoring social hierarchies and imperial powers, and pursuing international economic integration – these were the political and economic imperatives of capitalist and imperialist 'civilisations' that knew, from then on, 'they were mortal'.[15] The resulting credibility crisis of monetary, financial, legal and diplomatic institutions shook the entire system of values. In that regard, the work of Patricia Clavin, Yves Decorzant, Madeleine Herren, Mark Mazower, Susan Pedersen, Glenda Sluga, and Ludovic Tournès, among others, has shown how democratic and authoritarian regimes, faced with similar issues, have eventually collaborated in multilateral financial institutions toward the fragile restoration of capitalist peace.[16] The four books

[12] Barry J. Eichengreen, *Globalizing Capital: A History of the International Monetary System* (Princeton: Princeton University Press, 1996); Harold James, *The Creation and Destruction of Value: The Globalization Cycle* (Cambridge, MA: Harvard University Press, 2012).

[13] Glenda Sluga, 'Twentieth-Century International Economic Thinking, and the Complex History of Globalization: A New Research Programme', HEC Working Paper 2021/01, 4.

[14] Kazuhiko Yago, *The Financial History of the Bank for International Settlements* (London: Routledge, 2013); Gianni Toniolo and Piet Clement, *Central Bank Cooperation at the Bank of International Settlements, 1930–1973* (New York: Cambridge University Press, 2005); Anthony M. Endres and Grant A. Fleming, *International Organizations and the Analysis of Economic Policy, 1919–1950* (Cambridge: Cambridge University Press, 2009).

[15] Paul Valéry, *La crise de l'esprit* (Paris: Robert Laffont, 1919), 4.

[16] Susan Pedersen, 'Back to the League of Nations', *American Historical Review* 112, no. 4 (2007): 1091–1117; Pedersen, *The Guardians*, 2015; Patricia Clavin, *The Failure of Economic Diplomacy: Britain, Germany, France and the United States, 1931–36* (New York: St. Martin's, 1996); Clavin, *Securing the World Economy*, 2013; Patricia Clavin and Jens-Wilhelm Wessels, 'Another Golden Idol? The League of Nations' Gold Delegation and the Great Depression, 1929–1932', *International History Review* 26, no. 4 (2004): 765–95; Patricia Clavin and Jens-Wilhelm Wessels, 'Transnationalism and the League of Nations: Understanding the Work of its Economic and Financial Organisation', *Contemporary European History* 14, no. 4 (2005): 465–92; Mark Mazower, *No Enchanted Palace: The End of Empire and the Ideological Origins of the United Nations* (Princeton: Princeton University Press, 2009); Glenda Sluga and Patricia Clavin, eds., *Internationalisms: A Twentieth-Century History* (Cambridge: Cambridge University Press, 2016); Ludovic Tournès, *Les Etats-Unis et la Société des Nations (1914–1946): Le système international face à l'émergence d'une superpuissance* (Berne: Peter Lang, 2016); Yann Decorzant, *La Société des Nations et la naissance d'une conception de la régulation économique internationale* (Brussels: Peter Lang, 2011); Yann Decorzant, 'Répondre à la demande sociale et à la demande du marché: les prémisses de la régulation économique dans les années 1920', *Les cahiers Irice* 2, no. 2 (2008): 107–26; Yann Decorzant, 'La Société des Nations et l'apparition d'un nouveau réseau d'expertise économique et financière (1914–1923)', *Critique internationale* 3, no. 52 (2011): 35–50; Madeleine Herren, 'Gender and International Relations through the Lens of the League of Nations (1919–1945)', in *Women, Diplomacy and International Politics since 1500*, eds. Glenda Sluga and Carolyn James (London: Routledge, 2015); Carolyn Biltoft, *A Violent Peace: Media, Truth, and Power at the League of Nations* (Chicago: University of Chicago Press, 2021).

https://doi.org/10.1017/S0960777323000656 Published online by Cambridge University Press

discussed in this review owe a lot, each in their own way, to this scholarship. They nonetheless shift the perspective to emphasise how the actors they study understood the world economy and developed their own legal compass to navigate and define it.

Using different methodologies, all four authors bridge the great divide between international politics and international economics by uncovering the role of 'globalist' economic thinkers and 'meddling' international institutions that have shaped the grammar of the liberal international economic order. They propose a new geography that highlights colonial legacies, the emergence of peripheries as laboratories for socio-economic experimentation, and the role of Geneva as a completely overlooked world centre. The main protagonists of this seminal research are the League of Nations, the BIS, and the International Chamber of Commerce (ICC), which were sites for the conception, negotiation, and implementation of global-scale austerity, economic sanctions, and economic integration. But the four books go beyond institutional history to look at the emergence of new actors within these international institutions – experts, economists, bankers, lobbyists, interventionists, think tank activists – whose actions and ideas have shaped contemporary instruments of economic governance such as statistics, economic rhetoric, and monetary policy in the service of a return to law and order.

Trade for Peace and Peace for Trade: Back to Empire

The capitalist peace doctrine found its roots in the eighteenth- and nineteenth-century liberal conviction that free trade and doux commerce soften morals and contribute to lasting peace.[17] It gave the nineteenth century its rhetoric for establishing an international legal and monetary order.[18] But the First World War, the Bolshevik revolutions in Russia, Hungary, and Bavaria, and the Spartacist Movement in Germany completely shattered this confidence and triggered the first and most severe crisis of capitalism.[19] In the ruins of total war, between communist Scylla and fascist Charybdis threatening the liberal international order, the newly created League of Nations and the BIS strove to knit the pieces of the 'patchwork' world order back together.[20] Although the League of Nations' primary mandate was to restore the legal conditions conducive to peaceful economic exchanges between liberal and autarkic states in the interest of transnational free trade,[21] rising illiberal powers who advocated economic self-sufficiency were also part of its multilateral setting.[22] Incompatible views on what the postwar world should look like thus cohabitated in the same site of production of international laws.

In his impressive and timely book, *The Economic Weapon: The Rise of Sanctions as a Tool of Modern War*, Nicholas Mulder complicates the story with an alternative geography for economic interdependence beyond the frontiers of liberal economies. Contrary to the conventional wisdom that the 1930s was a period of 'de-globalisation', he shows that international agencies could exploit

[17] Thomas W. Zeiler, *Capitalist Peace: A History of American Free-Trade Internationalism* (New York: Oxford University Press, 2022).

[18] Michael D. Bordo and Anna J. Schwartz, *A Retrospective on the Classical Gold Standard, 1821–1931* (Chicago: University of Chicago Press, 1984); Sebastian Conrad and Jürgen Osterhammel, eds., *An Emerging Modern World, 1750–1870* (Cambridge, MA: Harvard University Press, 2018); Glenda Sluga, *The Invention of the International Order: Remaking Europe after Napoleon* (Princeton: Princeton University Press, 2021).

[19] Clara Mattei, *The Capital Order: How Economists Invented Austerity and Paved the Way to Fascism* (Chicago: University of Chicago Press, 2022), 5 and 75; Jamie Martin, *The Meddlers: Sovereignty, Empire, and the Birth of Global Economic Governance* (Cambridge, MA: Harvard University Press, 2022), 65.

[20] Tooze, *The Deluge*, 255–70.

[21] For a comprehensive discussion of the history and theory of international law on that matter, see Guy Fiti Sinclair, *To Reform the World: International Organizations and the Making of Modern States* (Oxford: Oxford University Press, 2017).

[22] For example, the representatives of fascist Italy and the Soviet Union sat together in the League in the mid-1930s. The former was about to withdraw in 1937; the latter joined as a late comer in 1934 to counterbalance the rising power of Nazi Germany, fascist Italy and militarist Japan; see Elisabetta Tollardo, *Fascist Italy and the League of Nations, 1922–1935* (London: Palgrave Macmillan, 2018). On the difficulties of writing multilateral trade rules in such a context, see Madeleine L. Dungy, 'Writing Multilateral Trade Rules in the League of Nations', *Contemporary European History* 30, no. 1 (2021): 60–75.

https://doi.org/10.1017/S0960777323000656 Published online by Cambridge University Press

the interdependence between national economies and the fear of supply chain disruption to deter rogue states from starting wars by threatening embargoes.[23] *Si vis pacem, para bellum oeconomicum* (if you want peace, prepare for economic war) could have claimed the League's sanctionists on a global scale: few countries could be immune to such destabilising decoupling. Even the most autarkic economies of the 1930s remained open to the outside world for their consumption needs as they implemented protectionist policies to shield their national production against foreign competition.[24] Fear of massive starvation, more than sanctions themselves, was a powerful device for maintaining peace. The threat of economic and financial blockade – a weapon of war in the nineteenth century – was a powerful device to impose the League's supranational authority over sovereign states given that it had no armies to assert its authority and uphold the terms of the Peace Treaty of Versailles. As a result, the 'economic weapon [was] the organisation's main instrument by default' in times of peace.[25] This strategy helped, for instance, to prevent war between Greece and Bulgaria in 1925 – an event we generally do not know about precisely because the conflict was aborted.[26]

However, 'the possibility of inflicting terrible suffering on civilians from a distance by bureaucrats', Mulder writes, was 'morally abhorrent' to most internationalists.[27] Even the most convinced sanctionists were aware of the devastating effects of weaponising trade that could be worse than war itself. Economic sanctions, therefore, were supposed to be used as a last resort when all other arbitration and peaceful settlements had failed and needed to be monitored alongside judicial arbitration and arms regulation.[28] But Mulder reinterprets the great divide between war economy and peace economy, highlighting how the 'economic weapon', a tool designed by internationalists to maintain peace and international order, could become the sword arm for imperialist interventionism. He emphasises the difference between sanctions designed to deter interstate war and those aimed at interfering in a country's internal affairs. In the latter case, he further distinguishes between sanctions serving a political cause and those distorting international economic competition in favour of particular interests. The Cold War context is well known for its political embargoes imposed against the Soviet Union, communist China, North Korea, Cuba and Vietnam.[29] Less known is the series of interventions in domestic affairs in China, Turkey and Iraq, following imperial logics.[30] British and French officials instrumentalised the threat of economic blockade to accelerate the signature of asymmetrical bilateral treaties.[31] In the case of China, for example, the two super-powers joined forces to subdue the Canton-Hong Kong general strike led by anti-colonial Nationalists in 1926.[32] 'Imperial hierarchy', Mulder concludes, 'was the stronger influence on peacetime economic pressure' – 'not the norm that sovereign states were equal'.[33] As a means of demonstrating power, economic sanctions could be used all the more arbitrarily, or efficiently, given the imbalance between the imperial powers and other regions of the world. Mulder's work thus gives us a clearer sense of the state of global economic integration and dependence that underlined the international order in the making.

In the same vein and against the traditional narrative that dates the birth of global economic governance at the Bretton Woods conference in 1944[34] – a chronology that only fits the story of a US-led

[23] Nicholas Mulder, *The Economic Weapon: The Rise of Sanctions as a Tool of Modern War* (New Haven: Yale University Press, 2022), 205–6.
[24] Ibid., 231.
[25] Ibid., 115.
[26] Ibid., 151–5.
[27] Ibid., 115.
[28] Ibid., 132.
[29] Ibid., 294.
[30] Ibid., 146–55.
[31] Ibid., 134.
[32] Ibid., 148–50.
[33] Ibid., 112.
[34] Eric Helleiner has shown the overwhelmingly Euro-centric and gender-biased accounts of the history of Bretton Woods institutions in Eric Helleiner, *Forgotten Foundations of Bretton Woods: International Development and the Making of the Postwar Order* (Ithaca, NY Cornell University Press, 2014); Eric Helleiner, 'Silences of Bretton Woods: Gender Inequality,

https://doi.org/10.1017/S0960777323000656 Published online by Cambridge University Press

postwar liberal order – Jamie Martin proposes an alternative genealogy to the liberal internationalist dream of order in *The Meddlers: Sovereignty, Empire, and the Birth of Global Economic Governance*. The story finds its origins in the nineteenth century when creditor banks, financial markets, and expansionist governments coerced foreign regions into financial dependency thanks to the legal enforcement of debt recovery and bondholders' protection. While economic historians have identified these instruments as the legal and financial arms of nineteenth-century informal empires,[35] Martin insists on the permanence of these interventionist practices and instruments into the twentieth century. League officials referred to nineteenth-century debt commissions when setting up financial stabilisation loans in the 1920s. These 'precedents' served as a legitimising device and contributed to the transmission of old practices into the new era.[36] This heritage survived the institution when later, at Bretton Woods, the League's conditionality provided a model for the drafting of the IMF's doctrine on conditional lending.[37] Although the IMF's operations evolved over time, Martin warns against the temptation to see a 'caesura' between international regimes and highlights the lingering effects of the imperialist international order.[38] International experts not only inherited knowledge and expertise throughout the twentieth century, they also had to deal with unsettled disputes and prior engagements transmitted from one organisation to the other.[39] The architects of the first international economic institutions thus bequeathed the relics of the Age of Empire to the next generations of global governance organisations. Nonetheless, the League of Nations was not just an imperialist crucible or an echo chamber for intergovernmental interrelationships. It also offered career opportunities for civil servants, lawyers, bankers, and economists, and provided the breeding ground for internationalist subcultures.[40]

Bureaucratic Governance and the Language of Neutrality

Martin points out that while sending economic experts to foreign regions in economic distress had long been a strategy for expanding informal empires, their mission at the League was intended to formalise a scientific approach to economic reforms and extricate its diffusion from the power struggle between nation-states.[41] The First World War had precipitated the professionalisation of the statisticians and economists tasked with managing national wartime resources in European countries. The need to plan resource allocation, manage manpower, and boost technological innovation had led the belligerents to intervene heavily in their economies to compensate for market inefficiencies. As a result, government agencies had crafted new knowledge and governance methods that would later prove useful in interstate planning for postwar reconstruction, blurring artificial distinctions between state and market or public and private economic thinking.[42] After the war, cohorts of experts,

Racial Discrimination and Environmental Degradation', *Review of International Political Economy* 30, no. 5 (2023): 1701–22.

[35] Marc Flandreau, 'Sovereign States, Bondholder Committees, and the London Stock Exchange in the Nineteenth Century (1827–68): New Facts and Old Fictions', *Oxford Review of Economic Policy* 23, no. 4 (2013): 668–96; Pierre Pénet and Juan Flores Zendejas, *Sovereign Debt Diplomacy: Rethinking Sovereign Debt from Colonial Empires to Hegemony* (Oxford: Oxford University Press, 2021).

[36] Martin, *The Meddlers*, 11 and 16.

[37] Ibid., 67.

[38] Ibid., 27.

[39] Ibid., 212. On the transmission of the League of Nations' artefacts, gifts, and informal commitments to the United Nations, see Carolyn Biltoft, 'Decoding the Balance Sheet: Gifts, Goodwill, and the Liquidation of the League of Nations', *Capitalism: A Journal of History and Economics* 1, no. 2 (2020): 379–404.

[40] Karen Gram-Skjoldager, Haakon A. Ikonomou and Torsten Kahlert, eds., *Organizing the 20th Century World: International Organizations and the Emergence of International Public Administration, 1920s–1960s* (London: Bloomsbury, 2020).

[41] Martin, *The Meddlers*, 68.

[42] Ibid., 44–9. For recent scholarship on debunking the public/private dichotomy in national economies, see also Mariana Mazzucato, *The Entrepreneurial State: Debunking Public vs. Private Sector Myths* (London: Anthem Press, 2013); Amy

https://doi.org/10.1017/S0960777323000656 Published online by Cambridge University Press

economic advisors, and 'money doctors' emerged from the ranks of civil servants, central bankers, and academics, especially in the United Kingdom, France, Italy, Switzerland, and the former Habsburg Austria-Hungary, and joined the League's Economic and Financial Committee and the BIS to advise foreign governments on programmes of monetary, economic, and fiscal reforms.[43] Thus, since the 1920s, international economic cooperation and economics as a science applicable to public policy have relied on each other to develop models, concepts, and technocratic tools for managing economic life. As Martin shows, the Economic and Financial Section of the League promoted the 'most influential economic research' to meet the demand for cross-nationally comparable data and operational economic theories. Among diplomats and bankers, the figure of the economist emerged as the new producer of social scientific knowledge and provided the blueprint for later development organisations.[44]

Clara Mattei takes a much stronger political stand, examining the biopolitics of the rise of economists as the new 'meddlers' of the twentieth-century international economic order. In *The Capital Order: How Economists Invented Austerity and Paved the Way to Fascism*, she sees the Great War as a laboratory for social reform, forceful state interventionism, and the militarisation of the labour force. The conflict breached market self-regulation and industrial autonomy. In fact, Mattei adds a third actor that henceforward arbitrated the binary power relationship between capital and labour: 'forceful state regulation'.[45] Studying the crossed trajectories of the United Kingdom and Italy, she identifies the war as the first legitimacy crisis of capitalism and the social order it encompassed in both countries. Her central argument supports the idea that market societies could not return to pre-war states of affairs: 'capitalism's shield of inevitability' had collapsed when soldiers and workers witnessed the Bolshevik revolution and as liberal European governments were planning their production to meet war demands.[46] Therefore, she argues, 'whether [European people] feared or hoped for it, the abolition of capitalism loomed as the imminent outcome of the war'.[47] Starting from this dramatic point, Mattei reframes interwar history through a paradox: in order to protect 'capital', which she defines in Marxist terms as the 'social relation in which a majority sell their capacity to work in exchange for a wage', industrialists, governments, and economic experts sought to ensure a return to social order through repressive employment policies and restrictive monetary, fiscal and industrial policies – that is, austerity.[48]

This social project found its management techniques in the wartime anti-democratic dirigiste policies designed to discipline workers. In order to improve worker productivity during the First World War, both the British and Italian states had taken control of private industries that were critical to national security and the production of war materials.[49] In these 'auxiliary' factories, Italian workers fell under military jurisdiction and were 'formally equated to soldiers; they surrendered to forced labour, and were subjected to a rigid work regimen based on the penal code and enforced by military agents. Unauthorized absence from work was often likened to desertion'.[50] In the British case, the Ministry of Munitions outlawed strikes and the Ministry of Labour diluted the unions into Whitley

C. Offner, *Sorting Out the Mixed Economy: The Rise and Fall of Welfare and Development States in the Americas* (Princeton: Princeton University Press, 2019).

43 Martin, *The Meddlers*, 100, 113, 115, 142, 168, and 175.

44 Ibid., 8–9. On the most recent historiography on the use of econometric models and statistics at the League of Nations in the 1920s and 1930s published after the release of *The Meddlers*, see Max Ehrenfreund, 'Laws and Models at the League of Nations: Econometrics in Geneva, 1930–1939', *Modern Intellectual History* 20, no. 4 (2023): 1165–93; Robert Yee, 'Stability in Numbers: Central Banks, Expertise and the Use of Statistics in Interwar Europe', *Contemporary European History* (2023): 1–22. doi:10.1017/S0960777323000048.

45 Mattei, *The Capital Order*, 36.

46 Ibid., 5.

47 Ibid.

48 Ibid., 6–8.

49 Ibid., 31–2.

50 Ibid., 37.

https://doi.org/10.1017/S0960777323000656 Published online by Cambridge University Press

councils, which represented both employers and workers.[51] By coercing workers into forced labour, Mattei argues, the belligerent states had temporarily decoupled private property and wage relations from market forces.[52] After the war, faced with the increasing resistance of the workers mobilised against capital accumulation and the bourgeois state in factory committees, austerity became instrumental in the management of the working force.[53]

Austerity was thus not just a response to budgetary imbalances, but a disciplinary device in the engineering of social management to prevent the collapse of capitalism on a global scale. Mattei highlights the decisive role that economists played in this endeavour at the 1920 International Financial Conference in Brussels and the 1922 Economic and Financial Conference in Genoa. At the diplomatic level, these two conferences failed to renew relations between the participating countries. However, at the domestic level, their main proposition – the transfer of monetary policy to an independent central bank 'freed from political pressures' – was a lasting success.[54] The protagonists of this story, contrary to Jamie Martin's account, were not international officials but the academic experts who briefed conference participants, such as Maffeo Pantaleoni (Italy), Charles Gide (France), Gijsbert Weijer Jan Bruins (Holland), Arthur Cecile Pigou (Great Britain), and Gustav Cassel (Sweden), who played the role of prince's advisors and 'prescribe[d] drastic austerity as a "natural" antidote against capitalist crisis'.[55] Using a Marxian reading grid, Mattei points out that these economists helped define and spread the 'international austerity agenda', reinforcing the subjugation of the working class by the transnational capitalist class.[56]

In other words, the winners of austerity policies, both domestically and internationally, seemed to be creditors. Indeed, financial markets and banking institutions played a substantial role in meddling with domestic policies. Mattei notes the financial support that J. P. Morgan Chase Bank provided to Italy in 1926 to stabilise the lira after the US Federal Reserve and the Bank of England negotiated a debt restructuring. These facilities were made possible because the fascist state, Mattei writes, 'zealously publicized its compliance with the international code of austerity', which encouraged markets to speculate in favour of Mussolini's monetary policies.[57] The Italian government's willingness to impose austerity measures on its own population to comply with the debt settlement agreements was much appreciated in Italian and British liberal circles.[58] This explains why, in Mulder's story, the League of Nations failed to impose deterrent economic sanctions on Italy when Mussolini invaded Ethiopia in 1936. Trading partners did not present a united front to enforce the League's sanctions.[59] The United States withdrew from the League and adopted a 'neutrality policy' toward fascist Italy.[60] Moreover, the League did not pursue the logic of sanctions to the end: sanctionists planned an oil embargo against Italy but failed to implement it.[61] The role of industrial cartels in fostering international economic dependence and thwarting economic sanctions remains an open question.

In addition, both Mattei and Martin stress that the tensions between debtors and creditors in the interwar period were exacerbated by the complete collapse of the international monetary system. Most countries had suspended gold convertibility and printed vast amounts of money to finance the war.[62] Carolyn Biltoft's last book shows how warring countries were saddled with massive debts and struggled with endemic corruption and informal financial markets where counterfeit money circulated

[51] Ibid., 38.
[52] Ibid. 54.
[53] Ibid., 100–8.
[54] Ibid., 151.
[55] Ibid., 139.
[56] Ibid., 135–7.
[57] Martin, *The Meddlers*, 264–5.
[58] Ibid., 246–70.
[59] Mulder, *The Economic Weapon*, 199.
[60] Ibid., 214–18.
[61] Ibid., 203.
[62] Martin, *The Meddlers*, 6; Mattei, *The Capital Order*, 30.

https://doi.org/10.1017/S0960777323000656 Published online by Cambridge University Press

widely.[63] In response to this chaos, Jamie Martin argues, the austerity that the League enforced through financial stabilisation loans indeed emerged as one of the 'most effective powers' of global economic governance.[64] In his view, given the tensions of the 1919 Peace Treaty and the delicate issue of war reparations, there was a need for technocratic, supposedly apolitical bodies that would ensure the status quo between nations and preserve domestic social peace. The League and the BIS sought to tame the propensity of private creditors from Paris and London to violate the sovereignty of defeated states. In the nineteenth century, it was common for French and British investors and bankers to take control of fiscal policies and revenue sources of a debtor country, as had happened in Tunisia, Egypt, the Ottoman Empire, Serbia, Greece, Bulgaria, and other Balkan states.[65] To avoid a similar situation in Austria, which faced national bankruptcy after the war, experts on the League's Economic and Financial Committee proposed delinking the issue of reparations from the management of the financial and monetary crises and sponsored an international loan to raise funds while guaranteeing Austria's sovereignty.[66]

This episode marked the beginning of multilateral financial controls on external lending and provided a blueprint for the IMF and World Bank to manage sovereign debt crises by acting as 'neutral' third parties, allegedly independent of interest groups.[67] However, Martin warns that the League's agreement in Austria was more an expression of a racist understanding of international power relations than respect for the sovereignty of over-indebted countries. He notes that while representatives from France, Italy, the United Kingdom, the United States, Czechoslovakia, or Germany agreed that Austria should not be treated the same as 'an Asiatic or African Community',[68] in reality, 'the system of control designed for Austria was directly modeled on the debt commissions that had been set up in Tunis, Egypt, the Ottoman Empire, Santo Domingo, and China'.[69] The League eventually mediated between the imperial legacy of bondholder practices and the internationalist aspiration to restore balance between nations – the antagonistic practical conditions for capitalist peace.

Economic Knowledge for Technocratic Capitalism

The fragile equilibrium of interwar economic diplomacy was shaken not only by divergent interests but also by incompatible worldviews and radical ideologies. The rise of the economists as neutral, technocratic experts was born out of the need to ensure peace for trade and encourage free trade for peace in the age of mass politics and mass destruction. In *Globalists: The End of Empire and the Birth of Neoliberalism*, Quinn Slobodian further explores the trajectory of economic thinkers and lobbyists who contributed to the dissociation of economic decisions from democratic decision-making. Taking a step back from the international bureaucratic setting where Martin, Mulder, and others identified 'internationalists',[70] Slobodian captures outsider networks of neoliberal economic thinkers who advised their home governments or spoke to business associations like chambers of commerce and industry, lobbying for their vision of a world peace order conducive to free markets.[71]

[63] Biltoft, *A Violent Peace*, 76–84.
[64] Martin, *The Meddlers*, 21–2.
[65] Ibid., 70.
[66] Ibid., 80.
[67] Nathan Marcus, 'Austria, the League of Nations, and the Birth of Multilateral Financial Control', in *Remaking Central Europe*, eds. Peter Becker and Natasha Wheatley (Oxford: Oxford University Press, 2020), 127–44.
[68] Martin, *The Meddlers*, 83.
[69] Ibid., 84.
[70] See also Jessica Reinisch, 'Introduction: Agents of Internationalism', *Contemporary European History* 25, no. 2 (2016): 195–205; Jessica Reinisch and David Brydan, eds., *Internationalists in European History: Rethinking the Twentieth Century* (London: Bloomsbury, 2021).
[71] At the core of this intellectual current, Slobodian identifies a school of thought ignored in the mapping that squares neoliberalism between Vienna, London, Chicago, and Freiburg: the Geneva School, comprising in the interwar period Wilhelm Röpke, Ludwig von Mises, Michael Heilperin, Friedrich Hayek, Lionel Robbins, Gottfried Haberler, Jan Tumlir, Frieder Roessler, and Ulrich Petersmann (Slobodian, *The Globalists*, 8).

https://doi.org/10.1017/S0960777323000656 Published online by Cambridge University Press

Laying the groundwork for his latest book, *Crack-Up Capitalism*, in which he also explores the anti-democratic ideology of 'market radicals',[72] Slobodian destabilises in *Globalists* the classic narrative that 'neoliberal globalists . . . conflated free-market capitalism with democracy and fantasized about a single world market without borders'.[73] On the contrary, Slobodian argues that they contributed to designing institutions and legal frameworks to decouple economic life from 'the threat of democracy', theorising 'meta-economic' or 'extra-economic' legal, political, and social conditions to protect capitalism at all costs.[74] Traumatised by the folly of nationalism that had led to war, protectionism that accelerated the Great Depression, and socialism that threatened the rule of private property law, these intellectuals were more interested in proposing a social contract for a stable economic order than in constructing economic models, emphasising the importance of strong states in securing the world for transnational corporations and foreign investment.[75] In line with the arguments of Clara Mattei, Jamie Martin, and Nicholas Mulder, Slobodian shows that neoliberals were quick to support violent conservatism against the rise of socio-democratic parties and worker movements in the 1920s and 1930s in the name of industrial competitiveness.[76]

With the rise of technocratic economic expertise emerged a new language and new instruments for understanding economic life everywhere. Mulder emphasises that both economic sanctions and financial assistance required comprehensive knowledge of a sovereign state's economic situation to be effective.[77] The International Blockade Committee, founded in 1921, promoted a 'scientific statistical blockade system' that relied on aggregate data to make sanctions economically efficient, rather than on-the-ground observations of economic activities.[78] Mulder notes the efforts of statisticians working for the League to identify and quantify international interdependencies and capital flows, allowing them to create a picture of world wealth that would be greater than the wealth of individual countries combined.[79]

In the 1920s, Martin argues, the League naturalised the very idea of a 'national economy'. Collecting vast amounts of data from around the world, the League's Economic and Financial Section gave birth to a subsidiary concept: 'the world economy', which experts and policy makers could observe through global statistics.[80] While there were already extensive efforts to standardise measures, statistics, and global timekeeping in the late nineteenth century, Martin points out that international societies and international public unions did not yet have access to domestic, strategical data from private enterprises and sovereign states.[81] During the First World War, the need for cooperation among Allies and for transparent knowledge about the status of resources needed to wage war led to the use of transnational tabulated statistics.[82] With the League of Nations, member states and private companies agreed to share data and harmonise economic measurements so that the League could provide world statistics on supply and demand.[83]

For liberals, Slobodian notes, 'it was a painful irony that the world economy came into focus as a totality in statistics at the very moment it seemed to vanish in real life', because the world economy felt more fragmented than ever during the crisis of the 1930s.[84] He credits the neoliberal economists who

[72] Quinn Slobodian, *Crack-Up Capitalism: Market Radicals and the Dream of a World without Democracy* (London: Allen Lane, 2023).
[73] Slobodian, *The Globalists*, 2.
[74] Ibid., 2 and 43–4.
[75] Ibid., 292.
[76] Ibid., 44–50.
[77] Mulder, *The Economic Weapon*, 40–4 and 160.
[78] Ibid., 115.
[79] Ibid., 134–5.
[80] Martin, *The Meddlers*, 9.
[81] Ibid., 271.
[82] Ibid., 34.
[83] Ibid., 60 and 186–7. On the collaboration of nation-states and private companies in sharing trade statistics, see also Mulder, *The Economic Weapon*, 32–3.
[84] Slobodian, *The Globalists*, 56.

https://doi.org/10.1017/S0960777323000656 Published online by Cambridge University Press

were studying business cycles in Geneva in the 1930s with giving birth to the 'world economy' as a concept, framework, and statistical dataset.[85] Some neoliberals, such as F. A. Hayek, later rejected the idea that everything could be known about the world economy and the earth's resources. Departing from the firm belief that econometric and computer-assisted models would help forecast the future, Hayek repeatedly warned against the 'pretense of knowledge' and the abusive application of physical sciences to economics.[86] Yet the original idea, born at the League of Nations, was that it was possible to model 'the economy'.

Despite the debates that divided neoliberals about the epistemological legitimacy of using 'scientific' tools to manage national economies and societies, the grammar of global economic governance has developed into a 'neutral' and technocratic language consistent with the most anti-democratic ideas of governmentality. Clara Mattei concludes *The Capital Order* by pointing out that the 'mingling of authoritarianism, economic expertise, and austerity' has persisted throughout the twentieth century.[87] The consequences of this unholy alliance of technocracy, anti-democracy, and international bureaucracy have long been ignored in the scholarship, precisely because the technocratic 'pretense of knowledge' has dismissed all forms of economic life that did not fit into the framework of analysis devised in the era of war and empire.

Conclusions

The four authors propose a long history of modern technocratic management of the global economy and show how capitalist embeddedness has naturalised the notion that there is no alternative to the international economic order. Each in their own way, they call for a democratic awakening. Quinn Slobodian and Clara Mattei have brought to life the intellectuals and technocrats who have provided neoliberal states and investors with anti-democratic weapons. They show the long history of methods for preserving capital, using austerity as the biopolitical tool par excellence to ensure the hyper-concentration of capital against democratic control of resources. Another austerity experiment that could be examined to enrich the discussion Mattei opens in *The Capital Order* is the colonial enterprise undertaken by the same European governments in the same period.[88] The doctrine of imperial 'self-sufficiency' led European colonial administrators to justify forced labour and over-taxation of the colonised population since the late nineteenth century.[89] It would be interesting for future research to investigate the circulation of actors at the imperial scale and see how the economic instruments to maintain the social order in European countries had been designed and experimented with in colonial territories.

Focusing more on 'the international' as a catalyst for modern economic governance, Jamie Martin and Nicholas Mulder show the extent to which global geoeconomics and our understanding of the world economy are rooted in the imperial legacy that shapes relations between contemporary states. International organisations operate as a panopticon in their stories, from which they can see the world economic order in the making. But their sums still leave room for future research. No woman character plays any role on their stage, and yet they were there.[90] The emergence of Latin

[85] Ibid., 57.

[86] Ibid., 224–5.

[87] Mattei, *The Capital Order*, 301.

[88] Emma Park, Derek R. Peterson, Anne Pitcher and Keith Breckenridge, 'Intellectual and Cultural Work in Times of Austerity: Introduction', *Africa* 91, no. 4 (2021): 517–31.

[89] Leigh A. Gardner, *Taxing Colonial Africa: The Political Economy of British Imperialism* (Oxford: Oxford University Press, 2012).

[90] To quote but a few, see Madeleine Herren, 'Gender and International Relations', 182–201; Susan Pedersen, 'Metaphors of the Schoolroom: Women Working the Mandates System of the League of Nations', *History Workshop Journal* 66 (2008): 188–207; Mary Kinnear, *Woman of the World: Mary McGEachy and International Cooperation* (Toronto: University of Toronto Press, 2004); Françoise Thébaud, *Une traverse du siècle: Marguerite Thibert, une femme engagée et fonctionnaire internationale* (Paris: Belin, 2017); Myriam Piguet, 'Gender Distribution in the League of Nations: The Start of a Revolution?', in *The League of Nations: Perspective from the Present*, eds. Haakon A. Ikonomou and Karen

https://doi.org/10.1017/S0960777323000656 Published online by Cambridge University Press

American international officials on the international scene in the interwar period could also inspire a shift in perspective in the study of global economic governance.[91]

Nonetheless, these four books offer rich, dense scholarship that lives up to the ambition of their authors. They provide material for a much broader discussion than this review. The timeliness of their publication draws attention to the emergence of a new historiographical trend. They show that the triangular correlation between technocratic language and institutional neutrality, economic and financial globalisation, and the uncertain role of the state in arbitrating economic policy has a longer history than the late twentieth century. The new chronology they propose promises to overcome the old academic division between the study of war economies and peace economies. The consequences of this divide are not neutral in the historiography: considering war times as anomalies in the history of economic exchanges has led disciplines such as international political economy, international relations, economic history, and political history to overlook the enduring stability of networks of people and institutions, and the lasting life of ideas and instruments of war management in times of peace.

Acknowledgements. The author thanks Ljubica Spaskovska, Christian Bailey and Guillaume Lancereau for their helpful comments and suggestions. Support for this article came from ECOINT, a programme that has received funding from the European Research Council (ERC) under the European Union's Horizon 2020 research and innovation programme (grant agreement No 885285).

Gram-Skjoldager (Aarhus: Aarhus University Press, 2019), 60–9; Kristen Haack, *Women's Access, Representation and Leadership in the United Nations* (Cham: Palgrave Macmillan, 2022).

[91] See the work of Alan McPherson and Yannick Wehrli, eds., *Beyond Geopolitics: New Histories of Latin America and the League of Nations* (Albuquerque: University of New Mexico Press, 2015); Christy Thornton, *Revolution in Development: Mexico and the Governance of the Global Economy* (Oakland: University of California Press, 2021).

Cite this article: Gautier Morin J (2025). Democracy, Authoritarianism and Global Economic Governance. *Contemporary European History* **34**, 557–568. https://doi.org/10.1017/S0960777323000656

https://doi.org/10.1017/S0960777323000656 Published online by Cambridge University Press