Suzanne J. Konzelmann, *The Economics of Austerity*

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Comptes rendus / Reviews

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Mark Blyth’s new book on austerity (Blyth, 2015) suggests that this dangerous idea has been at the very core of economic liberalism’s turbulent relationship with society. It is also an idea that reaches back in the dawn of “classical liberalism” and stretches into the various recalibrations that this idea has experienced in the post-Lehman era. This is a potent argument that cries out for a book that has in one place all the original key texts that detail economic liberalism’s internal and external struggles with this concept. Suzanne J. Konzelmann’s book is precisely the book that the students of austerity have been waited for.

The aim of this extremely voluminous book (800 pages, with small print) is to walk us through the evolution of the debate on this topic across several centuries of original texts. The very useful introduction written by Konzelmann frames the issue, embeds it in historical context and provides the reader with crisp section overviews that capture the critical junctures of the debate and the zooms into the thinking of its protagonists. Overall, the author’s choices are appropriate, save perhaps for the surprising omission of the Ordoliberal school, an intellectual camp whose ideas on austerity have had a lot of traction in the management of the European debt crisis.

The book has five parts. First, the texts selected by the author walk us through the “classical” debates about austerity during the age of British imperial expansion and industrial revolution. To the interventions made by well-known names in the history of economic liberalism such as Hume, Smith, Ricardo and Mill, the book also introduces us to less familiar, yet critical 18th century works on public debt issues

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authored by Bernard Mandeville and Isaac de Pinto. Part II shifts into the pre-history of the politicization of austerity during the rise of New Liberalism, the familiar work of Beveridge and Hobson sharing the space with that of the often forgotten John Ruskin, a trailblazer in British progressive economic thinking.

The core of the book is part III. Here, the author skillfully stages the battle of ideas between the often invoked but seldom unpacked “treasury view” and Keynesians’ onslaught against it. It is quite a treat to immerse oneself in the details of this foundational clash in economics and political economy and to see the two sides lock swords with that certain panache that characterized the minds formed during the transition from the Edwardian era to the full-blown modernism of the interbellum years. The long-term consequences of this seminal battle in modern fiscal macroeconomics are then examined during the age of neoliberalism and the rebirth of global finance after the 1970s. Here, the voices of post-Keynesians (Joan Robinson and Frank Wilkinson) and neo-Keynesians (Robert Solow) join those of classics of political science research on the welfare state (Paul Pierson, Evelyn Huber, John Stephens) in challenging the new world created by the ideas of neoliberal icons such as Robert Barro, Allan Drazen or Marco Pagano.

While parts I-IV covered the genealogy of the debates around austerity, the two hundred pages of part V delve into the key contributions to the post-2008 debate in macroeconomics. Konzelmann carefully selects the key texts so we have the full gamut of views here, from the unreconstructed Chicago neoliberal (John Cochrane), the cautious reformers of the “treasury view” (the International Monetary Fund) and on to the Keynesians emboldened by the ongoing events (Paul Krugman, Robert Boyer; Simon Wren-Lewis).

In short, Jonzelmann edited a book that is a tour de force about austerity and stands to be a compulsory resource for both research and teaching.

References