Title
Review of Julian Germann, Unwitting Architect: German Primacy and the Origins of Neoliberalism

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Book Reviews

Julian Germann, *Unwitting Architect: German Primacy and the Origins of Neoliberalism* (Stanford University Press, 2021), 304 pages.

Despite the undeniable importance of Germany's political economy in the global landscape, catalogued in an ever-expanding bibliography in a variety of fields, it is not very often that one encounters a study that can be described as a groundbreaking achievement. This is, however, the case with Julian Germann's new book, *Unwitting Architect: German Primacy and the Origins of Neoliberalism*. A captivating and well-structured book, *Unwitting Architect* does not merely offer valuable insights into the field of neoliberalism studies. It is also a penetrating commentary on existing methodological and theoretical approaches (and their blind spots), forcing an engaging rethink of key historical conjunctures and a sharp proposal for historicizing the role and policymaking framework of contemporary Germany.

The central argument of *Unwitting Architect* is that a distinctive version of the postwar embedded liberal order was prevalent in Germany, oscillating between "competitive prices and open borders for its exports" (6) and a form of domestic stability predicated on *both* "corporatist institutions [facilitating] dialogue and compromise between capital and labor" *and* on the "benefits each side could derive as long as Germany's export surplus continued to grow" (104). Driven by an attempt to protect this framework, *not* by ordoliberalism, German policymakers responded to what Germann calls "American fiscal and monetary indiscipline" (9) and inflationary/expansionary alternatives by making choices that facilitated the unraveling of that very international order. Taking the 1970s as a critical turning point, Germann builds a forceful account of consequent historical developments, arguing that even though Germany played a crucial role as an *architect* of neoliberal transfigurations, the absence of a neoliberal/ordoliberal ideological conviction driving its policymakers meant that it did so *unwittingly*. Eventually, the strategy of precipitating such changes *elsewhere* as a prerequisite for avoiding them *domestically* backfired, forcing policymakers to implement similar adjustments inside Germany. For all these reasons, and despite its self-image as a bastion of stability, Germany has in fact ended up a "destabilizing force" (165).

Starting from a review of prominent accounts of the rise of neoliberalism within critical international political economy, Germann counterposes an enriched version of the "combined and uneven development" framework. Rejecting a view of global neoliberalism as "an Anglo-American *project* rolled out across the globe," *Unwitting Architect* instead conceptualizes it as a "cross-national and open-ended *process* driven by a plenitude of actors whose interests and ideas appear to be idiosyncratic but become intelligible when located in a wider international context" (6; see also 169). Critical of approaches that portray Germany as "most securely incorporated into America's world hegemonic order and most susceptible to American pressure" (21), Germann takes aim at attempts to incorporate Germany under "an assumption of sameness." He dismisses "instrumentalist" accounts that see "the same elite fraction of capital [favoring] neoliberalism in every country" (26). At the same time, however, *Unwitting Architect* disparages accounts that portray Germany's political economy as dictated by ordoliberalism. Such accounts attempt to capture "what appears to be a distinctive German contribution to the ascendancy of the neoliberal worldview" (30), but for Germann they are unconvincing. He argues that German political economy has a different anchor.

Germann conceptualizes the German social market economy as an "externally oriented developmental model inherited from its belated but accelerated insertion into the world market and used to enroll capital and labor in a global export offensive" (8), with only a partial implementation of the Fordist model of mutually reinforced mass production and consumption (65). In rejecting what he calls an "exaggerated" narrative about the influence of ordoliberalism in German political economy, Germann claims that ordoliberal thinkers "were opposed to many of the social reforms necessary to establish [Germany's] distinctive version of the embedded liberal compromise" (8-9), while central ordoliberal positions failed to translate into legislation (68). Denying the continuity that brings ordoliberal thought from the interwar Freiburg School all the way to eurozone crisis policies, Germann highlights the ordoliberal rejection of central bank independence, the failure of ordoliberals such as Walter Eucken and Franz Böhm to legislate against high concentrations of market power, and the "utopian" (and eventually unfulfilled) ordoliberal preference for a "competitive system of private property dispersed among a large number of small and medium-sized producers" (68).

This is not to imply, however, that Germann ignores the significance afforded to small and medium enterprises (SMEs), especially those linked to the export sector. Noting that Germany's export industry was "exempted from the monetary [and credit supply] restrictions" imposed by the central bank (93), Germann points out that in the face of export prioritization, adherence to a strict theoretical framework was easily ignored. Similarly, capital restrictions that "penalized small and medium-sized enterprises" (102) were central concerns when deliberating about floating the Deutsche Mark (DM), as many SMEs retained close ties to the export sector as suppliers (102). Along the same lines, when presenting the economic advantages of closer European monetary integration, Germann notes that a "'zone of relative monetary stability' for almost half of German exports . . . would meet the interests of small and medium-sized exporters that found it difficult to hedge against exchange-rate fluctuations" (133). The central point, however, remains that the accommodation of SME interests did not upset Germany's "highly concentrated and centralized ownership structure" (93), nor did it correspond to the ordoliberal (or perhaps more precisely, Röpke's) "preference for smaller forms of human association."[1] Rather than being ordoliberal-influenced or ideologically driven, the framework of price stability remained principally a means to cheapen German exports (93).

Chapter four focuses on the demise of the Bretton Woods monetary order. Questioning predominant explanations which zoom in on the actions of US state managers, Germann follows William Glenn Gray and redirects his attention to US allies. In this context, the decision of German policymakers to float the DM and to embrace monetarism are projected as pivotal landmarks for subsequent global transformation, responding to a need to "shield [the German] economy from the inflationary consequences of American fiscal and monetary indiscipline" (9). Challenging the "popular view that the United States unilaterally and deliberately brought down Bretton Woods," *Unwitting Architect* argues instead that the demise was an "interactive" process. Germany's consistent attempts to fight off external inflationary pressures were driven by the determination to defend the domestic model of export-led accumulation and internal stability. Pursuing this aim, however, resulted in narrowing the alternatives, eventually pushing Germany's European allies and the US towards adopting fiscal and monetary policies that would open the way for the neoliberal transformation. As Quinn Slobodian put it in a review of Germann's book, this was a formula of "social market economy for me but not for thee," a policy approach visible as much in the troubled 1970s as in the push for austerity during the eurozone crisis post-2010.[2]

This conclusion is further substantiated in chapters five and six, where the consequences of such policy choices inside Europe and in relation to the "Volcker shock" are examined, with a focus on

[1] Gregg, Samuel. 2010. *Wilhelm Röpke's Political Economy*, 4. Edward Elgar Publishing.

[2] Slobodian, Quinn. 2021. "We All Live in Germany's World," *Foreign Policy*, March 26, 2021. https://foreignpolicy.com/2021/03/26/germany-neoliberal-order.

how "protectionist, interventionist, and reflationary solutions," promoted by the US as much as by other European countries, came to be understood as threats to "the open markets and stable prices on which the German export model depended" (57). Passing from Italy's predicament, which was, like Greece's in 2010, heavily reliant on foreign credit and could therefore be more directly "influenced by external forces" (124), Germann continues with the 1976 IMF involvement in the UK and France's early adventures with the European Monetary System (EMS). In all cases, German refusal to grant financial assistance without attaching fiscal disciplinary conditionalities cut short any fiscal expansionary visions.

But Germann's narrative is not merely one of German imposition. In crucial passages, he also highlights the ways through which such policy choices were already favored by sections of French, Italian, or British elites. IMF involvement in the UK, for example, did not simply "amount to an outside-in displacement of the Keynesian compromise" (126), reliant as it was on how "the British state also shaped the 'impression of crisis' in order to legitimate its policy choices against the opposition and alternative proposals" (129). Similarly, German policy towards France was geared towards strengthening specific tendencies *within* France—in particular, Raymond Barre's anti-inflationary, monetary/fiscal restraint framework (132).

Chapter six contains a captivating exposé of German policymakers engaged in a "fight against a (US) administration that had come into power believing that inflation could cure the world" (140). Germann explains how Germany's monetary tightening eventually forced Fed chairman Volcker into a monetarist shock policy of high interest rates, unemployment, and recession. That the knock-on effects of the "Volcker shock" would eventually push Germany towards a similar recessionary direction is an indication, per Germann, of the fact that the restrictive policies that Germany had pursued in order to gain a comparative advantage were "not only irreproducible but self-defeating" (162), visible in the fact that Schmidt, "a prime instigator of the American credit squeeze, finished up as yet another victim" (ibid.).

Finally, chapter seven grounds the actions of Germany during the eurozone crisis in the above framework. Linking the experiences and strategies of the 1970s with China's ascension as a key export destination since the 2000s, the chapter offers a powerful account of the underlying strategic aims of German policymakers in the euro crisis. In this context, imposing structural reforms in peripheral eurozone countries represented a means to "lower costs for German manufacturers producing in or sourcing inputs from the targeted economies and [to] raise the competitiveness of German exports in global markets" (179). "Austerity," Germann concludes, was not simply "a golden opportunity to restructure the eurozone" (183), but a form of crisis management aimed at integrating peripheral economic activity "into the global chains dominated by German exporters" (ibid.).

There is little doubt that this book will ignite crucial debates. As Slobodian notes in his review, depicting Germany as an "unwitting" architect could be construed as denying it a sense of agency. From another perspective, Germann's attempt to illuminate the sidelined role of Germany will attract the accusation that he has over-emphasized it, an impression perhaps most visible in the discussion of the "Volcker shock."

From this reviewer's perspective, however, it is the book's approach to ordoliberalism that produces the most ground for skepticism. Germann wishes to counteract the tendency of existing literature to explain German political economy, from 1946 to the eurozone crisis, on the basis of an almost transhistorical and continuous theoretical commitment to ordoliberalism. In (correctly) criticizing this tendency, however, Germann ends up conceptualizing ordoliberalism as (1) a policy-producing apparatus rather than a broader theoretical framework, and (2) a specifically

German idea. As a result, ordoliberalism is evaluated according to whether it is an efficient defender of German national interests.

But ordoliberalism is *not* a German idea. Broadly developed in international meetings (such as the 1938 Walter Lippmann Colloquium and the 1947 Mont Pèlerin gathering) and in networks beyond Germany (the enduring influence of the ordoliberal framework on non-Germans such as F.A. Hayek, Jacques Rueff, and Luigi Einaudi testifies to its wider appeal), ordoliberalism was never oriented towards specifically German problems or interests. Defending the liberal market order from protectionist, inflationary, and state planning challenges, ordoliberalism gained its distinct character from its conceptualization of the need for a strong state as the institution best suited to protect and control market forces and their signaling mechanism, the price system. As such, it is best conceived as a *state theory* that cannot be reduced to (or evaluated according to) specific policies. Ordoliberalism was, above all, concerned with *framework-building.* And one can argue that the ordoliberal framework grants the state a key role in creating favorable conditions for the core expansive export sector of German capital, as Germann himself has shown, without necessarily tying that framework to a contingent and historically specific theoretical context.

Indeed, this theoretical (one might even say abstract) character allows ordoliberalism *as a framework* to survive through time without dictating particular policy choices. Certainly the notion of an unbroken continuity between the Freiburg School and contemporary ordoliberal thinkers is, as *Unwitting Architect* argues, impossible to sustain, but one wonders why Germann is not willing to recognize in ordoliberalism, as he does for monetarism, a "certain plasticity of ideas in the face of changing economic and political circumstances and considerations" (152). Such plasticity would explain the coexistence of various tendencies, even conflicts, across different periods and even within the ordoliberal project.

In *Unwitting Architect,* in contrast, what we occasionally see is the rejection of continuity with a tendency to cherry-pick historically contingent arguments, measure their transhistorical endurance, and find them lacking. Germann is right, for example, to take the claim that the Bundesbank was a bastion of ordoliberalism with a grain of salt. But one could also doubt whether Eucken's writings represent the best way to make this argument. Eucken died seven years before the Bundesbank was inaugurated, and his scattered comments on central banking are insufficient for extrapolating an overall view on the Bundesbank or its subsequent trajectory. Perhaps more importantly, the context of Eucken's rejection is worth keeping in mind. Aware that a different monetary order (a return to gold or a commodity-based standard) was not in the cards, Eucken and fellow ordoliberals recognized that central bank independence with a limited mandate of price stability was the only realistic option for imposing fiscal and monetary discipline in an age of "democratic money." From this perspective, though exact Bundesbank *policy* might fall outside strict ordoliberal preferences, its institutional *framework* and setup followed ordoliberal coordinates—indeed, they continue to do so.

Reconceptualizing ordoliberalism as a project focused on building frameworks, rather than producing policy, does not in itself contradict Germann's assertions. It allows us, however, to recognize ordoliberal influence in aspects of German, EU, and eurozone political economy without over-emphasizing its actual role. Whether framework-building sufficiently constrains policy options, as ordoliberals claim, remains a widely contested issue that Germann's book offers an opportunity to re-assess. But concluding that ordoliberalism is essentially irrelevant seems as exaggerated as seeing it as predominant.

In summary, *Unwitting Architect* represents a thoughtful and captivating volume on a crucial topic. Among its many accomplishments, Germann's ability to combine familiar and unfamiliar arguments into a fascinating and tightly knit exposé that will certainly earn a place as required reading for scholars of international and critical political economy, researchers of the historical and contemporary trajectory of Germany, and students of neoliberalism and the eurozone crisis.

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Alvaro Santos, Chantal Thomas, and David Trubek (eds.), *World Trade and Investment Law Reimagined: A Progressive Agenda for an Inclusive Globalization* (Anthem Press, 2019), 278 pages.

"The future does not belong to globalists. The future belongs to patriots. The future belongs to sovereign and independent nations," declared former US President Donald Trump in a speech before the United Nations General Assembly in September of 2019. Taking notice of the growing discontent of those who have suffered at the hands of globalization through job loss, stagnant wages, and economic insecurity, the editors of *World Trade and Investment Law Reimagined: A Progressive Agenda for an Inclusive Globalization* invited twenty-one experts from ten different countries to present heterodox perspectives from economics and law to reconsider the political economy of global trade and investment.

The contributions take the form of short, diverse, and engaging essays. While they explore diverse issues (each deserving of assiduous discussion), the essays share four elements. First, the authors recognize the maldistributive effects of the extant trade and investment regime, and the resulting legitimacy crisis. Second, they reject the view that enhancing economic efficiency, or increasing aggregate welfare, suffices to justify this regime. Third, they question the idea that wealth redistribution should remain exclusively a national question. Finally, the authors share the premise that the global economy is created by the legal system.

As the editors state with great clarity in their introduction:

> In any given setting, there are many possible efficient outcomes, and legal rules set at the international level directly affect how the gains are distributed. The global architecture shapes the global market, creating different entitlements for governments, firms, workers and consumers, defining how they can operate and decidedly affecting the distribution of power and wealth. (4-5)

The contributing authors similarly acknowledge the role of law in generating the problems afflicting global trade and the world economy, and contrast their accounts with those "oblivious to both the social and political forces that made this globalization possible and the importance of the rule changes that established it" (7).

While economists and lawyers conventionally consider law as either facilitating or regulating the world economy, the essays in this volume approach trade and investment law from a "truly constitutive" perspective. Trade and investment agreements are not considered to be external regulatory forces, but an intrinsic part of the global markets they create. Furthermore, the authors do not ask whether legal provisions maximize efficiency, but what kind of trade and investment