Thoughts on the The Sovereign Consumer

By
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In recent years a substantial literature has developed directed to the analysis and criticism of neoliberalism and its origins. Niklas Olsen's dissertation *The Sovereign Consumer. A New Intellectual History of Neoliberalism* (Palgrave Macmillan, London 2018, pp. 308)[1] stands out from the existing literature by its provision of a "new intellectual history" of neoliberalism, thus explicitly relating itself to an increasingly prominent sub-field of historical study. Furthermore, by identifying the concept of "consumer" as central to any definition of neoliberalism, it draws attention to the fact that, as an economic agent in neoliberal discourse the consumer occupies a privileged position that is neither natural nor pre-given, but historically constructed. The author's principal contention is that by examining this process of construction, we can better understand the historical contingency of neoliberalist argument, and hence gain perspective upon, and provide direction to, arguments commonly used to order the modern world.

While "neoliberalism" can be broadly described as the displacement of liberalism as a political discourse by an economic conception of liberalism, a displacement that occurred in the first half of the twentieth century, this leaves open the question of exactly what kind of economics is involved. The new mainstream economics emerging midway through the 20th century has usually been described as "neoclassical", a designation that was coined by Veblen of Alfred Marshall in 1900,[2] but which a search of the *American Economic Review* indicates did not come into tentative general usage until the later 1920s. And given that the common usage of "neoclassical" is as imprecise as the common usage of "neoliberal", any referral of the latter to the former does little more than take us around in a circle. Indeed, many of the leading contemporary concepts of political and economic discourse are often used in this very imprecise way, so that what passes for "analysis" often amounts to little more than running together sets of poorly-defined or poorly-understood concepts.

[1] The present paper is a reworked version of my dissertation report (første officielle opposition) at the doctoral defence 3 June 2019.

[2] Thorstein Veblen: "The Preconceptions of Economic Science. 3", *Quarterly Journal of Economics*, 14 (1900), p. 265.

Olsen's approach[3] deals with this problem by identifying clearly what kind of economics is associated with neoliberalism: the (normative) idea that economies, economic policy and economic analysis should turn on the changing needs and wants of the consumer: not only that the "consumer is king" in a retail environment, but that the consumer is sovereign in the market in a sense analogous to that of the individual voter in any electoral process. The circle is closed by Olsen in demonstrating how the idea that economic choices were like political choices, first articulated by Fetter in 1905 (p. 36), ended up by the later 1950s as the idea that political choices were like economic choices, first clearly articulated by Kenneth Arrow[4] and Anthony Downs.[5]

In developing his argument, Olsen combines several elements that have been introduced at one time or another – the work of Mises and Hayek, the Ordoliberal approach, Chicago economics of the 1950s and 1960s, the work of Arrow, Downs, James Buchanan and Mancur Olsen, the development of a Scandinavian welfare model and its transformation as New Public Management – with a new and illuminating discussion of the writings of William Hutt in the 1930s and the development of the economic textbook literature, from Benham to Lipsey, in the 1940s and 1950s. The combination of elements previously treated separately, and the addition of new aspects of the problem, is what makes this book a stimulating and original approach to an increasingly crowded field seeking to expose the sources and arguments of contemporary neoliberalism. It provides some much-needed guidance on sequences of events and forms of argument that are commonly run together, turning the promise of analysis into mere cultural criticism.

The book is organised as a series of threads – maintaining a focus upon the concept of the consumer in the writings of Ludwig von Mises, William Hutt, Ludwig Erhard and in the work of the Chicago School. It also has a detailed discussion of Scandinavian welfare policy upon which I am not qualified to comment, besides noting that this itself is a very relevant and valuable contribution for English readers of the book. In the following, I will direct my remarks not so much to the general argument, which is plausible and well-supported, but instead

[3] Olsen has previously published the first intellectual biography of Reinhart Koselleck, whose writings have been very influential in the recent development of conceptual history – *History in the Plural. An Introduction to the Work of Reinhart Koselleck*, Berghahn Book, Oxford 2012.

[4] Kenneth Arrow: *Social Choice and Individual Values*, Yale University Press, New Haven 1951.

[5] Anthony Downs: *An Economic Theory of Democracy*, Harper, New York 1957.

to those gaps in the text that are apparent to me as an economic historian, sketching out areas that could well be elaborated in strengthening the argument.

Although the idea that much modern economic thinking turns on the idea of the "consumer" might seem self-evident, the term is not central to the way in which economists talk among themselves or write for each other. Rather like the term "market", which those unfamiliar with economic texts might assume is a well-defined and central concept, economists use the concept of consumer casually and unreflectively. The work of William Hutt,[6] generally credited with coining the term "consumer sovereignty", has long been treated as marginal to mainstream economics. His publisher, Jonathan Cape, was not known for publishing academic texts, let alone works of economics, and it is only very recently that Hutt's work has been brought to the attention of historians of economic thought; something that might seem to non-economists a central economic concept turns out to have been quite marginal to the canon economists have developed. A focus on the concept of the consumer is therefore very welcome, but a significant amount of archaeological work is needed to reveal the importance of the term. This work is done by Olsen in his treatment of von Mises, Erhard and Hutt, but there is a longer backstory that can in fact strengthen his argument. It is customary in the literature to cite Adam Smith as the originator of the centrality of the consumer for economics, but those who do so are largely unfamiliar with Smith's writings at first hand and rely upon the caricatures that can be found in the standard histories of economics.

In his introduction, Olsen relies for his broad understanding of economics before 1900 mostly upon this commentary, rather than on an extensive command of the basic material itself, and this creates the most significant weakness in his account. Since the reader encounters this section first, an impression could be formed that this book is rather like many others, rehashing conventional commentary using an apparently bold premise. While this use of the commentary is most consistently evident in the account of the story up to 1900 and the relationship of welfare economics to the idea of a sovereign consumer, it also appears in his treatment of Kenneth Arrow (for example see pp. 165ff. where Backhouse, Amadae and Mirowski provide the framework). While such a reliance does weaken the initial force of his argument, it by no means nullifies it, since the treatment of Hutt and of Benham for example is quite original and strategic for the overall ar-

6 William Hutt: *Economists and the Public: A Study of Competition and Opinion, Jonathan Cape, London 1936.*

gument. However, the fact that this particular problem becomes evident in the early pages means that an attentive reader has to plough through a rather rough pastiche of nineteenth century political economy before arriving at the core of the material in Ch. 3, on Erhard. Here it should also be said that Olsen pays attention to recent scholarly work on the "Chicago School" and does not fall into the trap of homogenising the work of, for instance, Knight, Simons, Friedman, Stigler and Becker. For the crucial period of the twentieth century, therefore, the narrative is generally supported by a much superior and more nuanced grasp of the material than it is for the preceding period of what is often called "classical economics".[7]

To be more specific on the point about commentary and the literature of economics, Olsen tends to follow modern American "Austrians" in homogenising the work of Menger, Wieser and Böhm-Bawerk (1870s to 1900) with that of Mises and Hayek (1920s to 1950s) (see for example fn. 2 p. 20). The first is treated as the origin of the second, which while broadly true chronologically, is only very partially true intellectually. This approach to "Austrian economics" is all too common in the literature (both anglophone and German), compounded by a failure to actually read much, or any, of Menger, Wieser and Böhm-Bawerk. The importance of so doing is underlined by two features: firstly, there is very little serious historical engagement with their writings upon which writers like Olsen can rely; and secondly, the fact that Max Weber in the 1890s was heavily influenced by Menger and Böhm-Bawerk, and in 1919/1920 formulated a definition of economic action[8] apparently very similar to that of Lionel Robbins in 1932,[9] cre-

7 "Classical economics" is usually associated with the nineteenth-century writings of Malthus, Ricardo, and the Mills (father and son); and with a focus on the production of material goods and the distribution of revenues between factors of production arising from this activity. The inclusion of John Stuart Mill introduces an incoherency into this idea since Mill's treatment of utility was crucial for the later "marginalist" work of Stanley Jevons and Alfred Marshall; which was in any case linked to the work of Jean-Baptiste Say, who is excluded from the Classical canon because he is not regarded by modern economists as a "real theorist". There are many aspects to this essentially Anglocentric story, not least of which is how "neo"-classical neoclassical economics really is.

8 "If it means anything, then in practice economy means the careful choice between ends; albeit oriented to the scarcity of means that appear to be available, or obtainable, for these various ends." Max Weber: *Economy and Society. A New Translation*, Harvard University Press, Cambridge (Mass.) 2019 p. 146.

9 Lionel Robbins: *The Nature and Significance of Economic Science*, Macmillan, London 1932 p. 15: "Economics is the Science which studies human behaviour as a relationship between ends and scarce means which have alternative uses."

ates an unaddressed complicating factor in the overall argument. For one would struggle to define Weber's work in terms of neoliberalism.

In his opening section, Olsen lumps together "Smith, Bastiat, Say" as "liberal political economists" (p. 25), implying that we can meaningfully talk of an eighteenth-century "liberalism" within the same framework as the liberalism of post-Napoleonic France. Adam Smith is often quoted as writing that "Consumption is the sole end of and purpose of all production; and the interest of the producer ought to be attended to, only so far as it maybe necessary for promoting that of the consumer."[10] Like many of Smith's famous precepts, however, this is an observation buried in the depths of *Wealth of Nations*, made in the closing paragraphs of Book IV Ch. viii, a chapter added to the third edition of 1784 to round off his critique of the "mercantile system" before turning to the "agricultural system" in Book IV Ch. ix. We should pay rather more attention to the first line of the book as published in 1776: "The annual labour of every nation is the fund which originally supplies it with all the necessaries and conveniences of life which it annually consumes…".[11]

By referencing Smith writing about consumption in Book IV of *Wealth of Nations* we are presented with a passage contrasting producers with consumers that appears to parallel the modern idiom. But in the book's opening statement, Smith makes a distinction that often goes overlooked – one between the consumption of "necessaries" and "conveniences". These are not broadly synonymous items of consumption, a redundant repetition. This distinction, when combined with that between "productive" and "unproductive" labour, is central to Smith's argument about the "causes" of the wealth of nations. The fundamental cause is an increase in labour productivity (via the division of labour); but only labour that produces material objects is "productive labour". Unproductive labour is that which produces immaterial goods – the work of a soldier or a judge, but also of an opera singer, whose work vanishes in the instant it is provided. Without a solid basis of productive labour a nation will not prosper; but an advanced commercial society would naturally enjoy the services of an increasing range of unproductive labour. Many of such "conveniencies" were consumed from a vain pursuit of increased happiness. Smith argued that, in fact, such consumption did not make individuals any happier, that this was a consequence of vanity; but the nation would become wealthier as a result of such vain pursuits. A nation built upon the pro-

10 Adam Smith: *An Inquiry into the Nature and Causes of the Wealth of Nations* [WN], Oxford University Press, London 1976 p. 660.

11 Smith, WN p. 10.

duction of "necessaries" would be happy, but not rich; a nation built on the production of a combination of "necessaries" and "conveniences" would be no happier, but it would be wealthier. Olsen misses in Smith the link to an eighteenth century discourse of vanity, luxury and commerce in which this was embedded – important to note because this was a context that became entirely lost as political economy developed in the early nineteenth century – not so strikingly with the very influential work of Say, but especially noticeable in the work of Malthus and Ricardo, who discarded most of the intellectual framework to which Smith addressed his arguments.[12] There is now an extensive commentary on the manner in which Smith took an existing critique of luxury as a source of civic corruption and turned it into an argument for wealth and virtue – the anonymity of the market lending the individual a freedom to make transactions that would otherwise be denied or corrupted by rank and status. Indeed, there is much in Smith that would broaden the historical approach taken by Olsen to consumption; but my criticism here is not that such discussion is absent (there is only so much that can be covered in any detail), rather that there does not seem to be any registration that the argument of Olsen's book could in theory be extended in this direction.

For Smith, "productive" labour produced physical objects, so that the stability of their "use value" was secured by their physical existence. Say did away with this idea and argued instead that what production produced was not objects, but utilities. Consequently, what consumption destroyed was not physical objects themselves, but their utility. As his German translator pithily commented in 1805, "all the inhabitants of a state are consumers."[13] From this point of view, a good was "Anything that serves the satisfaction of human needs".[14] When this basic idea was taken up later in the century by Roscher (1854) or Mangoldt (1863), the reference runs back to Say, not to Smith. And Carl Menger would take up Say's basic idea in the later 1860s when he began to study political economy.

Related to this is the treatment of the "marginal revolution" of the

12 The idea returns of course in 1899 with Veblen's use of "conspicuous consumption" in *The Theory of the Leisure Class* [1899], Penguin Books, London 1994 Ch. IV.

13 "Alle Einwohner des Staats sind Consumenten." Ludwig Heinrich Jakob: *Grundsätze der National-Oekonomie oder National-Wirthschaftslehre*, Ruffsche Verlagshandlung, Halle 1805 §.880, p. 480.

14 "Was zur Befriedigung menschlicher Bedürfnisse geschickt ist, wird ein Gut genannt", Ludwig Heinrich Jakob: *Grundsätze der National-Oekonomie, oder Theorie des National-Reichthums*, 3rd. revised edition, im Kommission bei Friedrich Ruff, Halle 1825 §31.

1870s and 1880s (pp. 27ff.). However described and understood, this episode is central to the emergence of the idea of a consumer: it can be described as a shift of economic argument from the production of goods and the distribution of revenues to the choices made by consumers. As such, the best way of conceiving this shift is not in terms of method or mathematics, but in a shift from an objective, producer-oriented understanding of economics to a subjective understanding. Olsen rightly notes that political economy on the whole did not elaborate conceptions of "market" and "consumption", but missing from his account of a shift which is important to his thesis is a broader appreciation of its sources, and their resonances into the twentieth century. Stanley Jevons, via his reading of John Stuart Mill, inflected Benthamite utilitarianism into the choices of a subject between pain and pleasure: the (variable amount of) effort a subject is prepared to exert in order to achieve a desired end (of varying intensity). Frances Edgeworth intensified the austerity and complexity of this approach in his *Mathematical Psychics* (1881), while in his *Alphabet of Economic Science* (1888) Philip Wicksteed continued the movement into equations for the velocities of balls thrown in the air and the temperature gradients of bars of iron cooling in a stream. While this phase of development was temporarily eclipsed by the success of Alfred Marshall's *Principles of Economics* (1890), a much more discursive work, Edwin Cannan retained an intellectual allegiance to Jevons as Professor of Political Economy at the London School of Economics from 1907, and it was Cannan's student, Lionel Robbins, whose reading of Wicksteed's *Common Sense of Political Economy* (1910) led him to the "science" of economics that he expounded in the 1930s. Likewise, Cannan's teaching of Hutt at the LSE provided him with the framework within which he could elaborate on a "sovereign consumer".

Carl Menger's *Grundsätze der Volkswirthschaftslehre* (1871) explicitly looked back to early nineteenth-century German political economy, which had laid emphasis on "needs" (hence Hegel's account of a "system of needs"). Subsequently, Friedrich von Wieser coined the term *Grenznutzen* in 1884, translated into English as "marginal utility" by Wicksteed; while Wieser's brother-in-law Eugen von Böhm-Bawerk played a major role in the diffusion of the Austrian's "modern economics" (their term) in Britain and the United States during the 1890s. Max Weber drew heavily on Böhm-Bawerk in his teaching during the 1890s, and it was this influence that led eventually to the formulation noted above in fn. 8. Underlying the work of Menger here was the translation of Say's political economy into German in the early 1800s; Say also set the template for political economy in Britain and the USA from the 1820s on. As for Léon Walras, his entire general equilibrium framework of the simultaneous expression of wants and their satisfaction derives ultimately from the work of Saint-Simon in the 1820s, channelled via the work of his father, Auguste.

All of this is to say that there is a richer backstory in the nineteenth century that goes missing in the book, given Olsen's reliance upon conventional commentaries that repeat superficial nostrums about the development of economics up to the early twentieth century. But as I emphasise above, this weakness is not critical to the argument of the book as a whole, whose focus is upon the twentieth century; it rather represents an opportunity not taken up. As I hope to have shown, even a brief account of the foundations upon which, respectively, von Mises and Robbins built reveals more clearly how Hutt's work is not so far from the mainstream, from which it had long been excluded.

Olsen next turns to the work of Ludwig von Mises, a central figure for this book, and here Olsen successfully shows the sometimes contradictory nature of his thinking (cf. p. 38), something that tends to be glossed over in much recent commentary by those who are sometimes uncritical admirers of his work. What clearly emerges here is the centrality of "the consumer", such that the economic subject is conceived as a human individual in a retail situation. As sketched above, the economic subject of the early marginalist framework was indifferently a human person, firm or government institution, all of which sought to acquire or provide services of one kind or another. Treating this subject as a "sovereign (retail) consumer" is a significant restriction upon the potentiality of the marginalist framework that runs through the rest of the book, homogenising the market situation faced by the retail consumer. Running through the whole literature with which Olsen deals is a failure to register that a "consumer" is not simply a person in a shop, but e.g., firms purchasing inputs to make outputs which themselves are often inputs to further production. Hutt's conception of the "sovereign consumer" is instead defined uniquely as the end user in a long chain of transactions between sellers and purchasers, obscuring the complexity of the economic system that (eventually) provides outputs for end users. Likewise, this is reinforced by the analogy between the voter and the economic subject that becomes an increasingly marked feature of the literature. The malign outcome of this foreshortened comprehension of economic processes in a modern economy is evident in political discourse today, where the sheer complexity of transactional logistics is concealed from a consumer whose range of choices has in actuality been fixed long before that consumer comes to make a "choice".

Nonetheless, there is also a story here that would be worth exploring. The modern retail consumer is itself a construct, a product of new mass retail markets that developed in the later nineteenth and early twentieth centuries. Important instruments of this in the USA were mail order catalogues and then, later, the department store. Restricting our attention to food and drink, the names Heinz and Coca-Cola direct our attention to the importance of brand names in the promotion of products that are to a greater or lesser extent generic – tinned and bottled foods and sauces and cola drinks. Branded goods developed first of all as a sign of quality and consistency in mass market products, products that consumers could identify and rely upon. Additionally, the expansion of market share for any branded good depended upon advertising, a phenomenon that in the 1920s was the object of increasing attention. In both instances, the product posited the consumer – a consumer associated a brand name with quality, and advertising posited an ideal consumer in various and often specific ways: children, families, "housewives", youths, young women, mature men, older people. This symbiotic relationship between consumer and product gave rise in turn to an industry in itself: the advertising industry.

This contextual excursion is by no means irrelevant to an intellectual history, for an entire body of economic theory grew up around this relationship: oligopoly theory. Oligopolistic competition involves a market in which a small number of firms, none of which can supply the whole market, compete for market share by closely matching the sales and prices of their competitors. Given that these markets involve generic goods – cement, petrol, cigarettes – the tendency of firms to pay attention first of all to their competitors rather than their consumers creates situations in which collusion of one kind or another – on price, on volumes, on sales regions – is possible. The key work in this field was Edward Chamberlin's *Theory of Monopolistic Competition* (1933) which identified the phenomenon of product differentiation as a competitive strategy: firms would seek to distinguish their own generic product by lending it a character that would appeal to certain consumers. Chamberlin used the example of the car industry, in which producers sought to link certain kinds of cars to particular kinds of consumers. This idea is linked to another phenomenon: the "shopping mall effect" associated with the work of Hotelling,[15] which explains that similar retail outlets are grouped together (shoe shops, estate agents) because they compete for the same consumer on location or minor forms of differentiation that are only apparent through direct comparison.

15 Harold Hotelling: „Stability in Competition", *Economic Journal*, Vol. 39 (1929) pp. 41–57.

And so there is an association in the 1930s to the development of the idea of a "sovereign consumer" and microeconomic theory that posits a consumer exercising taste in making choices, but a taste that is as it were pre-programmed. While this approach to markets and competition was regularly disparaged in the 1940s and 1950s by economists who saw no reason to abandon the concept of perfect competition as a basis for market analysis, the two-dimensionality of the consumer thereby assumed suggests why it was that Hutt's conception of the sovereign consumer met initially with such indifference.

Linked to this is the treatment in Ch. 5 of the place of the consumer in economic textbooks, an extremely interesting and original departure. Here again it is worth pointing out that the London School of Economics was central to the creation of the modern economics textbook in Britain. Benham's *Economics*[16] created the template for the teaching of economics in British schools and universities during the second half of the twentieth century, itself surviving in use until the later 1960s and prompting updates in the form of new textbooks by Stonier & Hague and by Richard Lipsey,[17] the latter still living on in revised form. Like Hutt, Benham was taught economics by Edwin Cannan, and the textbook he wrote was also shaped by the influence of Lionel Robbins (another student of Cannan). Here again, part of the occlusion of Hutt's work and the role of the London School of Economics is a result of a focus in commentary on what soon would be understood as macroeconomics and, within this, on the role of Hayek and the emergence of a Cambridge-LSE divide over how macroeconomics should be understood. Two points can be made here. First of all, references in Olsen's book to Lionel Robbins' *The Great Depression*[18] do not register its very real intellectual limitations, essentially blaming the American slump on "modern theory" and making as its only positive policy recommendation a return to the Gold Standard. Robbins's text reinforces the association of the LSE with macroeconomics, whereas Hutt and Benham are part of a microeconomic story that has been relatively overlooked. For what characterised Benham, Stonier and Hague and Lipsey was an introduction to economics through microeconomic techniques and principles, where again Hutt fits in rather better.

16 Frederic Benham: *Economics. A General Textbook for Students*, Sir Isaac Pitman & Sons, London 1938.

17 A. W. Stonier, D. C. Hague: *A Textbook of Economic Theory*, Longmans, Green & Co., London 1953; R. G. Lipsey: *An Introduction to Positive Economics*, Weidenfeld and Nicolson, London 1963.

18 Lionel Robbins: *The Great Depression*, Macmillan, London 1934.

Turning to the treatment of Mises, and later Erhard and the Ordoliberals, this is illuminating and insightful, but in regard to the latter especially, too little emphasis is placed on the broader field within which this literature emerges. From the 1930s onwards, "economics" became increasingly identified with what was taught in leading international universities, whereas the kind of "economics" that Erhard represented was like neither the emergent mainstream economics, nor the *Betriebswirtschaftslehre* taught in German *Handelshochschulen*. Further, as Adam Tooze has demonstrated in *Statistics and the German State*,[19] "economics" in interwar Germany was increasingly dominated by consultancies and research bureaus (indeed, like the Mises and Hayek Institut in Vienna), while "academic" economics had a largely subsidiary role that in no way established a broadly-accepted standard for rational economic analysis. Olsen's treatment of Erhard's path through the 1930s and 1940s is good to have in English, but the lack of any detailed account of the field upon which he drew and against which he defined himself reinforces Erhard's characteristic overestimation of his own originality and importance (especially in the events surrounding the Currency Reform of 1948, which was entirely planned and executed by the occupying powers). As a contribution to intellectual history, there is a tendency in this book to follow through individual threads (Mises, Erhard, Hutt) that blot out the background against which, for contemporaries, these arguments took place and were linked together.

Nonetheless, it is a considerable achievement here in dealing with Erhard, and even more so with Röpke, that a fine line is trod between making sense of their writing and suggesting that there is greater depth to it than in fact exists. In particular, no attempt is made to represent Erhard and others as somehow "oppositional" to the National Socialist regime; in fact, emphasis is laid more upon accommodation (p. 85). Likewise, the emergence of the idea of a "social market economy" is given a thorough treatment (pp. 88ff.) that avoids some of the hagiography often associated with the idea. What I do miss here, in the treatment of the 1950s, is any reference to the very thorough work done by Jan-Otmar Hesse on economics in post-war German universities, which would have provided an interesting perspective upon economic policy-making of the time.[20] Likewise, too little emphasis is given here to the transformation of the SPD, from an organisation fa-

[19] Adam Tooze: *Statistics and the German State, 1900-1945. The Making of Modern Economic Knowledge*, Cambridge University Press, Cambridge 2001.

[20] Jan-Otmar Hesse: *Wirtschaft als Wissenschaft. Die Volkswirtschaftslehre in der frühen Bundesrepublik*, Campus Verlag, Frankfurt a.M. 2010.

vouring a planned economy in the 1940s to one that, after 1959, became electable and pursued policies more recognisable as mid-century Keynesianism. However, the synthesis that Olsen presents of recent English and German writing on Ordoliberalism is a significant addition to a literature that until recently has been dominated by a tendency to over-emphasise the novelty, effectiveness, and indeed substance of ordoliberal policy-making.

Likewise, placing an overview of developments in Chicago economics within this context adds considerably to our understanding of the internationalisation of neoliberal ideas. While recognising the real strengths of Ch. 4, it is I think worth remarking that there was a considerable literature on market structure and price theory in the USA during the 1940s and 1950s. As alluded to above, Chicago economists contended by contrast that the simple opposition of perfect competition to monopoly was perfectly serviceable as a tool of analysis, leading to their increasing detachment from the reality of industrial structure and policy-making. A focus upon Stigler, Friedman and Becker tends to obscure the initial marginality of their ideas within the broader American context, projecting back their later reputations upon their real situation in the 1950s.

The book concludes firstly with an account of neoliberal policy-making in Denmark and to some extent Sweden from the later 1970s, which provides a very useful overview for English readers, but one on which I am not qualified to comment, beyond observing that this is a major contribution of the book and one which provides an accessible and much-needed synthesis.

Following the chapter on the Scandinavian model, the concluding chapter seeks to bring the issues involved up to date. While it is difficult to bring depth to more or less contemporary events, one avenue that I think could be developed here is the role of consumer credit in sustaining modern economies. The 2007–2008 financial crisis was, after all, largely brought about by the inflation of sub-prime credit that followed the provision of credit to those unable to service it; "overconsumption" expanded the monetary system, which then deflated to bring the international financial system to the brink of destruction. It could be observed that, insofar as housing loans lay behind this, this was about the fourth such major meltdown in the USA since the 1920s where, for differing reasons, governments had sought to extend mortgage loans to households who were in fact unable to service these loans in the longer term. This linkage between banking credit, house-building and default was especially evident in Ireland. Some comments are made about this on p. 249, but here again is an avenue along which this study could be extended.

I read *The Sovereign Consumer* with great interest, and was especially pleased to see good use made of the work of Hutt, Benham, Lipsey and Samuelson, not at all usual in current commentary on neoliberalism. Adding in the treatment of Germany, Denmark and the USA, this is a stimulating and informative account of consumption and neoliberalism that, as I try to indicate above, can stimulate work along new avenues.