Economics as Ideology: Keynes, Laski, Hayek, and the Creation of Contemporary Politics. *By Kenneth R. Hoover.* Lanham, Md.: Rowman and Littlefield, 2003. xv + 328 pp. Index, notes, photographs. Paper, $27.95. ISBN: 0-742-53113-9.

Reviewed by Jerry Z. Muller

This book sets out to explore the links between biography, political and economic ideology, and political culture. If it overreaches in some of its claims, it nonetheless provides food for thought along the way.

Kenneth R. Hoover has written a triple biography of three seminal figures, rough contemporaries, in twentieth-century British political and intellectual life. Harold Laski is portrayed as the paradigmatic socialist intellectual, in an age when socialism meant unremitting hostility to the market and a benign faith in the planning powers of government. Friedrich Hayek represents his polar opposite, a conservative libertarian predisposed toward suspicion of government economic intervention, and, conversely, an almost boundless faith in the creative powers of the market. Keynes, the hero of the piece, is seen as standing halfway between them: cognizant of the potential economic benefits of the market, but willing to use government both to improve economic performance and for purposes of income redistribution. While Laski and Hayek were ideologists, blinded by their commitments to arguments on the other side of the government/market coin and barely capable of intellectual growth, Keynes was more open to revising his perspective and prescriptions in light of new information. So far, so plausible.

Hoover sees each of his protagonists as having stamped an era in British political economy. The era from the onset of the Depression through the Labour Party victory of 1945 was the age of Laski, a leading advocate of socialism; the era from the end of World War II through c.1973, the age of Keynes; and the era from the 1970s through the end of the century, the more market-oriented age of Hayek. This too is plausible. Hoover's own hopes, laid out explicitly at the end of the book, are for some new Keynesian era of greater governmental activism for the sake of social justice. Hoover's account of how changing political and economic trends made first Laski's socialism and then Keynesian

demand management less plausible is sound, if somewhat scattered. Hoover's contention that ideological politics is often based on self-definition by negation in a way that tends to blind us to substantial parts of reality is true enough. But its validity is quite independent of the book's contents.

Problems arise in Hoover's attempts to link biography and ideas, in which some event or propensity in each author's life is seen as explaining his ideological bent. In the case of Laski, his early attraction to Darwinism and Marxism is attributed to the fact that "the radicalism of their rationalist view formed an overlay on the deeper roots of his own cultural identity in the experience of the Jewish ghetto endured by his Polish ancestors"—a remarkably Lamarkian explanation. Keynes's flexibility of mind and willingness to break with political economic orthodoxy is explained by his position as both insider and outsider: he was a member of the British political and intellectual elite, but one with cultural links to Bloomsbury and with homosexual inclinations, which added to his sense of himself as an outsider willing to challenge the status quo—a plausible set of links. In the case of Hayek, his skepticism toward the state is attributed to the mendacity and poor performance of the Habsburg state during the First World War, and his libertarianism to his personal struggle against the restrictive divorce laws of the day. The first claim is not based upon any evidence. The latter is drawn from an unpublished memoir by Hayek's sometime secretary, as well as correspondence that Hoover has consulted regarding Hayek's divorce in 1950, the details of which are spelled out at length. But since there was no perceptible shift in Hayek's views regarding the socially coercive powers of the state, we seem to have a cause without an effect.

Though dependent largely on existing secondary accounts and on published sources, occasionally Hoover adds new information based on his primary research. His examination of the Hayek papers at the Hoover Institution has yielded new facts about the role of the Volker Foundation in funding not only Hayek's chair at the University of Chicago but also the weight placed by Hayek on the Foundation's support for what became the Mount Pelerin Society. The Foundation wanted Hayek to write a popular book on the virtues of a free society in the United States. What resulted, a decade later, was *The Constitution of Liberty*, anything but a popular book, and one that, as Hoover notes, "elaborated functions of government that embraced a fair amount of what reform

liberal . . . governments do." While Hoover makes it appear that Hayek and the Mount Pelerin Society were paid tools of nefarious capitalists, the story can be read as the manipulation of said capitalists by a rather impecunious intellectual intent on spreading his own ideas.

Hoover's handling of ideas is mixed. His account of Laski's shifting views on pluralism and the state are difficult to fathom, probably because the ideas themselves are so woolly. Perhaps because his own biases have gotten the better of him, Hoover is better at explaining Keynes's ideas than Hayek's. Hoover points to the significance of Keynes's probabilistic approach to public policy, in which innovation could be justified "if we have reason to think that of two actions, one produces more good than the other in the near future, and if we have no means of discriminating between their results in the distant future." But readers who want to get a sense of Hayek's arguments about the market, not only as conveying information but also as a "discovery process," will have to turn elsewhere. As will those who want to understand Hayek's critique of the notion of "social justice"—whether or not they find it compelling.

Moreover, in his antipathy to Hayek, the author repeatedly invokes relatively minor incidents in his career, such as his support for the economic policies of the Pinochet government in Chile and his attendance at one conference sponsored by the Reverend Moon. By contrast, the fact that by the mid-1930s Laski had become a virtual apologist for the Soviet Union goes unmentioned, as does the fact (itself not very significant) that Keynes wrote a foreword to the 1936 German translation of his *General Theory* indicating the book's applicability to "total states."

Thus, while the book reveals wide research, readers in search of introductions to these thinkers might be better served by consulting John Gray's brief book on Hayek, Robert Skidelsky's short volume on Keynes in the Past Masters series, and for Laski, the more massive biography by Isaac Kramnick and Barry Sheerman.

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