Niklas Olsen, *The Sovereign Consumer: A New Intellectual History of Neoliberalism* (Cham, Switzerland: Palgrave Macmillan Springer, 2019), pp. x + 308, $89.99 (hardcover); $69.99 (eBook). ISBN 9783319895833.

In 1993, US Vice-President Al Gore declared that his administration wanted to “make the Federal government customer friendly” (p. 247). How did it become obvious that citizens were like customers? Niklas Olsen’s fascinating history of the “sovereign consumer” sheds light on this transformation of the political-economic discourse in the twentieth century. Olsen unearths and dissects the different figures of the consumer from the interwar period to the 1990s. He is interested in how the political context shaped the thinking of economists and how the sovereign consumer was used for governing purposes. Drawing in part from the recent historiography of 20th century economic thought that many readers of this journal will be familiar with, the book presents a novel conceptual history which crosses disciplinary boundaries.

Olsen argues that the sovereign consumer is a central pillar of the neoliberal ideology. He defines neoliberalism as “the ideological product of processes in which self-identified liberals, from the interwar period onwards, have attempted to renew liberalism as an ideology that claims to promote societal orders based on free markets and individual freedom” (p. 7). The book traces a set of heterogenous market-oriented ideas belonging to different liberal visions, but it makes a convincing case for seeing neoliberalism as a “political economy of consumer choice that aims to marketize the political” (p. 2). It is complementary to the analyses of neoliberal discourse which focused on the figure of the entrepreneur and those which focused on the competitive logic.

The story starts with the rise of explicit reflections on the role of consumers in a liberal democracy in the 1920s. Relying on the analogy between voting and buying in the market, Ludwig von Mises is credited with formulating a vision of a liberal order that would preserve economic freedom in the age of extended franchise and rising socialist sympathies. By theoretically empowering the mass of consumers, Mises countered the elitist criticism against liberalism, while maintaining its individualistic basis. According to Olsen, for Mises and his neoliberal followers, “markets simply manage to express the popular will more articulately and meaningfully than do mere elections” (p. 44). Picking up on a Weberian theme, Will Davies argued that neoliberalism was “the pursuit of the disenchantment of politics by economics” (2015), to which Olsen adds that “this disenchantment of politics by economics was carried out through a determined and energetic re-enchantment of the market and its virtues” (p. 44).

The expression of “consumers’ sovereignty” was coined by William Hutt, an underappreciated economist of the first generation of neoliberals. Educated at the London School of Economics where he met Lionel Robbins and befriended Arnold Plant in the 1920s, Hutt spent most of his career at the University of Cape Town. During one of his holiday trips to London in 1931, he met Friedrich Hayek with whom he would stay in touch until the 1980s. Through connections in the Mont Pelerin Society, Hutt later felt much intellectual sympathy for Austrian economics. Olsen argues that “Hutt’s updating of liberalism was deeply steeped in Austrian free market thought” (p. 57). Yet, evidence to support this claim is scarce. Most of the references in Hutt’s early work, such as *The Economists and the Public* (1936)—the book responsible for popularizing the expression of consumers’ sovereignty—are to the British liberal tradition and its new liberal critics, not to Austrian economics. Olsen is right to point out that the consumer was invoked in a wide range of political and economic discourses from the 1930s to the 1940s. National socialism, fascism, communism, new deal reformism and Keynesianism also gave an important place to consumers in their national economic policies.

The book develops a series of international case studies. The first of which deals with the role of German ordoliberals in the construction of the Federal Republic after the war. Ordoliberals put the consumer in the driving seat of capitalism, but unlike Mises, their neoliberal vision gave a strong role to the state, notably in enforcing market competition. Ordoliberals like Wilhem Röpke had a separate conception of the political order that was not modeled on the functioning of the market, contrary to what the analogy between voting and buying suggest (p. 78). The chapter then follows Ludwig Erhard from his early days in consumer research during the interwar to his championing of the social market economy when he became the first Federal Minister for Economics in 1949. A break from the past, the consumer-driven market economy was presented as the modern institution that would satisfy citizens’ wishes.

The fourth chapter, the only one previously published as a journal article, highlights the role of the consumer in the calls for deregulation by the major Chicago economists in the postwar period. The fifth chapter discusses representations of the consumer in postwar economic textbooks, a key medium for the stabilization and the dissemination of ideas. Two contrasting figures of the consumer stand out of this survey. The rational sovereign consumer with stable preferences and full information on the one hand. On the other hand, the “real” consumer, unpredictable and weak, and influenced by advertisement. This second character is often used to justify the intervention of the state as a “second sovereign”. This dual representation, often mapped on the normative/positive methodological divide, crossed political lines. Interestingly, the tension between the two representations still pervades behavioral economics today.

The sixth chapter tells the story of the Danish politicians who imported neoliberal ideas in the discourse of the *Venstre* party to address the crisis of the welfare state in the 1970s. Yet, it was only in the 1980s and 1990s that “modernization” programs brought market logic to the delivery of public services. Eventually, the neoliberal discourse embracing competition in the supply of services for the satisfaction of consumers’ wishes permeated mainstream parties in the 1990s, including center-left parties. In the last chapter, Olsen argues that the figure of the sovereign consumer was used by the Danish Social Democratic Party, the America Democratic Party, as well the New Labour in Britain to transform the state machinery to foster choice and responsibility. At least since the proclamation of “the end of history”, neoliberals present their vision as the only viable system. Still, most neoliberals today do not self-identify as such which prompts Olsen to argue that “we are living in a neoliberal age without neoliberals” (p. 227).

As Olsen argues, late Twentieth-century political discourse relies on assertive consumers who know what is best for them, but it has forgotten (or silenced) the reservations and empirical nuances that defenders of freedom of choice like Hutt and Friedman had expressed earlier. That (1) as an organizational principle, consumers’ sovereignty lacks the formality equality that democratic rights have; that (2) individuals do not always make the best decisions for themselves, and that (3) non-competitive markets can exhibit “producers’ sovereignty” were acknowledged by economists decades ago.

To the extent that economics deal with production, exchange, distribution, and consumption  of wealth, historians of economic thought, like the economists they study, have been much more interested in the theories of production and exchange than in ideas about consumption. Olsen’s *Sovereign Consumer* is therefore a very welcome contribution to a neglected subject of economic relevance. Some readers of this journal might wonder if the book has anything to do with economic theory. The lesson is simple, yet important: different strands of neoclassical economics conceived of *choice* as the defining action of consumers-citizens. In that respect, Mises, Arrow, and Buchanan all stand on the same side.

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References

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