

## Retreat from Collectivism?

*Robert Skidelsky, The World After Communism: A Polemic For Our Times, Macmillan, London, 1995*

*Reviewed by David Henderson*

**B**OTH the title and the subtitle of Robert Skidelsky's new book are misleading. Contrary to what the subtitle asserts, the treatment is (happily) not at all polemical. And contrary to what the title implies, the book is less concerned with the future than with the past: only in the last three chapters (36 pages in all) is the argument forward-looking; and one of these deals with the former communist countries rather than with the world in general. What Skidelsky mainly offers is a summary review of the history of the 20th century, in which the main theme is 'the rise and fall of collectivism' (p. xiii), or more broadly, 'the great ideological struggle . . . between collectivism and liberalism' (p. 17). The story thus told forms the background, the context, for the author's reflections on what he refers to, quoting Vaclav Klaus, as 'the enduring question of how far the state should regulate the lives of free and responsible individuals' (p. 4). The reflections are to be found at various points in the main narrative, and are drawn together in the final chapter, which is headed 'Repairing the State'.

The starting point for this ambitious essay in interpretation is the current 'retreat from collectivism back to market economy' (p. 26), which the author views as a historic turning-point in the evolution of economic and political systems and of ideas relating to them. As he rightly notes, this retreat has become a general — almost a world-wide — tendency. In the OECD countries, it has shown itself, roughly from the end of the 1970s though with a good deal of variation in timing and extent, in a range of market-oriented reforms. The main areas of reform, in decreasing order of radicalism, have been financial markets, privatisation of state-owned enterprises, trade liberalisation, and taxation systems. Outside the OECD area, the most far-reaching change has been the collapse of communism in the former USSR and in what were its satellite countries in central and eastern Europe. These are the two groups of countries with which the book principally deals: there are only passing references to other parts of the world, and virtually nothing on the process of economic reform, and the quite different evolution of a communist system, in China.

The book sets out to place these recent trends in a broad historical perspective, and, in doing so, to throw light on their underlying causes, their significance, and their implications for the future. Two introductory chapters set the scene: one is on the development of the 'cold war', and the other on the meaning to be ascribed to collectivism and liberalism. The next three chapters are historical, covering respectively the years before World War I, the era of the two world wars and the interval between them, and the period from 1945 to 1980. They provide a summary account of developments both across the world economy and in the evolution of eco-

nomie and political ideas, with the main emphasis on what are now the OECD countries. Two chapters, one on the collapse of communism and the other on 'the new political economy' in the OECD countries, deal with the recent retreat from collectivism, while Chapter Eight, and later Chapter Ten, bring the story of the former communist countries down to the present day. In the two remaining chapters, Nine and Eleven, the author turns more directly to the subject-matter of his title.

Skidelsky has chosen an excellent theme, and to my mind the results fully justify his decision to treat it in a broad historical perspective, going back a century or more. There are not many authors who can handle simultaneously, as he does here, not only political and economic developments across the world and down the years, but also the evolution of ideas and their impact on policy; and there are still fewer who are willing and able, as he is, to do this in readable and jargon-free prose. As one would expect after reading his brilliant life of Keynes, there is much to be gained from *The World After Communism*, both in the main historical narrative and from the many perceptive observations which are made in the course of the argument.

At the same time, I think there are weaknesses in the book, which detract from its interest and usefulness. These are both specific and general.

As to specific matters, Skidelsky at one point chides economists — with reason, I fear — for their lack of concern with history; but there are a good many matters on which his own interpretation of historical events is open to question. For example, the following statements, all confidently made, seem to me misleading or false:

- that post-war Japanese economic success was partly accounted for by 'privileged access to the American market from 1956 onwards' (p. 6);
- that in the OECD countries, for a decade or so from the early 1960s, there was a 'quest for growth through budget deficits' (p. 13);
- that Marxism was 'about redistribution' (p. 30);
- that 'It was a premise of liberal economics . . . that wars would disappear with the hegemony of a pacific business class' (p. 30);
- that 'the years 1873-96 saw the first modern world depression' (p. 31), and that 'there was a liberal revival after the recovery from depression in 1896' (p. 44);
- that Hayek 'thought a world government would be needed to entrench economic liberalism internationally' (p. 81);
- that in India there was 'near zero growth in per capita income between 1960 and 1988' (p. 137); and

- that ‘the main trend since the 1970s has been towards protectionism’ (p. 188); and that (p. 188) ‘The recent trend has been towards freer trade within blocs [true, though ‘regions’ would be better than ‘blocs’] and towards “managed trade” between them’ (false).

Mistakes apart, there are numerous points at which the argument would have gained from a more nuanced or qualified interpretation of events and trends. In broad terms, Skidelsky’s historical outline of the changing relative fortunes of collectivism and liberalism is accurate and judicious. When it comes to particular aspects or episodes of economic history, however, he is not always a reliable guide.

A more general limitation is that the final assessment which Skidelsky offers is disappointing. In part, I think, this is because he links two sets of issues which though not unrelated are probably best treated separately: on the one hand, the reconstruction of post-communist society in central and eastern Europe and the former USSR; and, on the other, the future balance between liberalism and interventionism in the OECD countries and possibly elsewhere. In the end, not a great deal comes out for the future. One of the two concluding general chapters is largely taken up with reporting the views of Francis Fukuyama, John Gray and Jeffrey Sachs, while the other does not go much beyond stating a general case for maintaining macroeconomic stability and for bringing down ratios of public expenditure to GDP to a figure of around 30 per cent.

So far, the general trend across the world towards more market-oriented and less regulated economic systems has owed more to negative than to positive impulses: it has arisen largely from what were seen as elements of failure within existing regimes or systems. With few exceptions, reforming governments have not worn liberal labels, nor have they consciously embraced economic liberalism which is far from being a popular cause. It is clear that full-scale collectivism has been discredited, and that there are many countries around the world in which recent liberalising measures, some of them far-reaching, seem unlikely to be reversed. It is also true, however, that there remain substantial areas of policy in which the future balance between liberalism and interventionism could shift in either direction, and that anti-liberal ideas of various kinds remain influential — in some areas, such as labour markets and environmental issues, they are perhaps becoming increasingly so. I would like to have seen Skidelsky give more space to these aspects, and more generally to questions of how liberal ideas might now be restated and developed, how liberal measures might be taken further, and how both ideas and measures could be made more acceptable. Hence, while looking forward keenly to Volume Three of the life of Keynes, I hope also to read before long his further reflections on the theme of this book.

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