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Teivo Teivainen, *Enter Economism, Exit Politics - Experts, Economic Policy and the Damage to Democracy*, London and New York, Zed Books, 2002, pp. 227 + xvii.

The neoliberal policies being marketed all over the world by such institutions as the International Monetary Fund (IMF) are essentially based on a subjective preference theory of value. This theory depends on the assumption that prices of goods are supposed to be determined by the sum of individual tastes and talents. These prices are then supposed to guide resource allocation towards an efficient and stable outcome. Hence, Adam Smith's invisible hand, going back more than two hundred years ago, still continues to ensure, according to the neoliberal consensus, that while pursuing their private interests people work for the common good. The neoliberal restructuring of economies—the substitution of market processes dominated by rich individuals and world's most powerful companies in place of (at least potentially) democratic social and political processes as the guide and regulator of the economy—finds its origins in these ideas. This approach comes with a discourse of 'economic neutrality', which argues that economic issues are apolitical, that is, are beyond political power struggles. This discourse not only separates 'economic' as a distinct sphere but also tends to subordinate other social spheres to its supremacy. Hence, it provides the basis for economistic norms being expanded to the social relations that were earlier defined in non-economistic terms. Privatization of state enterprises and the introduction of business-like administration practices within formally public institutions are examples of this expansion. Teivo Teivainen, a Finnish social scientist, uses the term 'economism' to name this approach of defining certain institutions and issues as purely 'economic' and then using the 'economic neutrality' doctrine in order to produce a boundary between the 'economic' and 'political' spheres and to assert the dominance of 'economic' over everything else. He presents, in his book *Enter Economism, Exit Politics*, a powerful and substantial analysis and critique of 'economism.'

Enter Economism*, Exit Politics* is composed of essentially two parts. The first part puts forward a theoretical demonstration of how it is not possible for ‘economism’ to be politically neutral as its proponents advocate. Teivainen shows that the attempt to carry out certain state policies on the exclusive basis of economic analyses, and more generally any policy built upon ‘economism’ has both political intentions and political consequences. The second part of Teivaninen’s work analyzes the Peruvian economy through revealing how arguments of ‘economism’ have been used together with their political intentions and consequences. Hence he uses the Peruvian example as his case study to illustrate and demonstrate his theoretical case. There is also a third theme running through both parts, as Wallerstein points out in his preface, that economism constitutes an obstacle to the full realization of the democratic process, both theoretically and in the specific case of Peru.

The first chapter of the book analyzes the politics of boundary construction between the ‘economic’ and ‘political’ spheres and builds up conceptual definitions and the theoretical framework in which Teivainen develops his criticism.

In the second chapter he uses the concept of ‘new constitutionalism’ for his argument that the scope of democracy is restricted by defining various governance institutions and the issues they deal with as ‘economic,’ and using the doctrine of economic neutrality to produce a dichotomy between the economic and the political spheres. He defines the constitutional politics of economism simply as any politics of economism that relies on constitutional mechanisms. In other words, ‘new constitutionalism’ or the ‘constitutional politics of economism’ places limits to majority rule in order to shield issues defined as economic from the reaches of majority rule. In that sense, it can be seen as resembling ‘human rights constitutionalism’ which places similar limits on majority rule to protect fundamental rights of human beings.[1] However, in the case of ‘new constitutionalism,’ the center of attention is on such limits to majority rule that are favorable to the consolidation of the neoliberal reforms. Central-bank independence, balanced budget amendments, exchange-rate rules as well as commitment to specific policy rules associated with trade and investment through international or regional institutions, such as the IMF or NAFTA, can be counted among cases of ‘new constitutionalism.’ Teivainen also points out how the importance of ‘new constitutionalism’ is linked to the structural power of transnational capital and its mobility.

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[1] In the terms of Bowles and Gintis (1986) the differences between these constitutional ideas can be described as the clash of property rights and personal rights. Also, it is significant to note that, as Teivainen points out, there might be actors who would, for example, oppose intervention in the economic sphere but welcome it in some other issues such as human rights, or vice versa.

The third chapter looks at the workings of 'economism' in relation to the politics of Latin American debt throughout the 20th century. It discusses the conditionality and neutrality principles of the IMF, especially in the context of the politics of economism in the debt crises of the 1980s and 1990s. The political manifestations of 'economism' in Latin America have generally emerged against a background of transnational capital flows and have often been associated with foreign indebtedness. Teivainen notes that since changes in fiscal and credit policies is the way monetary discipline is exerted, it would be politically difficult for the American authorities to try to impose direct influence. Whereas the same influence would somehow be seen more politically correct were it to come from the IMF authorities, which are basically accountable to the US government and its allies on its basis of 'one dollar one vote principle'. Moreover the influence of the IMF—and for that matter of other institutions such as the World Bank's—was coming under the cover of neutrality doctrine, seemingly only providing advice from a neutral 'economic' point of view. Eugene Black, former President of the World Bank, was, for example, quite overt about the politics of economic neutrality: "we ask a lot of questions and attach a lot of conditions to our loans. I need hardly say that we would never get away with this if we did not bend every effort to render the language of economics as morally antiseptic as the language the weather forecasters uses in giving tomorrow's prediction. We look on ourselves as technicians or artisans" (quoted on p. 42). Hence, the neutrality doctrine, according to Teivainen, was nothing but a move towards substituting direct exertion of influence with a politically more acceptable one.[2]

The second part of *Enter Economism, Exit Politics*, discusses the Peruvian experience, first providing a historical perspective on Peru and then moving forward to demonstrate the development of 'economism' and the oppositions to it throughout Peru's neo-liberalization history. In doing this, Teivainen exposes the liberal paradox of the need for a strong government in order to implement a 'market-friendly' neoliberal program.[3] This paradox, seen in many instances and in the Peruvian case illustrated by Peruvian president Alberto Fujimori's argument that 'a strong hand is always necessary' in executing neoliberal reforms, is not unfamiliar to Turkey where initiation of the liberalization process has taken place under military rule at the beginning of the 1980s. Teivainen

[2] Or, in Gramsci's terms, a move towards producing consent, instead of coercion (Gramsci, 1971: 244).

[3] A paradox noted by both Polanyi and Gramsci in different historical contexts: "the road to the free market was opened by an enormous increase in continuous, centrally organized and controlled intervention" (Polanyi, 1957: 140); or "laissez-faire too is a form of State 'regulation,' introduced and maintained by legislative and coercive means not the spontaneous, automatic expression of economic facts" (Gramsci 1971: 160).

characterizes this paradox as a confusion between the 'strong' and 'invisible' as desirable properties of 'hands' that control societies (p. 34).

When analyzing the power-effects of the debt crisis, both in general and in the specific case of Peru, it should also be noted that the turn towards neoliberal economism was not only an assertion of 'Northern' dominance over the 'South.' It has also been an attempt of the local elites to discipline the popular classes and social movements mixed with their more or less firm belief that liberal orthodoxy is indeed more beneficial to their countries than alternative economic policies.

To sum up, the first three chapters present the theoretical case with clarity and show how economism has affected the politics of debt crises throughout Latin America. The chapters on Peru comprise a diachronic analysis of political and economic developments during the Fujimori presidency, with an eye to discussing the issue of the "transnational politics of economism and the limits to democracy in Peru." Teivainen's attempt fills a very important gap in the literature discussing the consequences of neo-liberal policies and should be especially interesting for readers in Turkey where the consequences of neo-liberal policies are being experienced and where there is great discontent with and a growing criticism against the conventional wisdom arguing that IMF directed policies are essentially neutral and in the interest of all parts of society.

Teivainen's arguments could have been much stronger and complete had he shown three additional efforts. One would be to look at the ideological roots of the 'economism', that is the mainstream economics discipline that is being taught almost universally everywhere as the ultimate theory of economics.[4] Second, looking at the workings of economism in its ideological homeland, the US, could have enriched the arguments. And lastly, instead of mentioning it only in passing, Teivainen could have dwelled on and theorized the issue of the cooperation of local elites with transnational capital and institutions in the neoliberal structures and the effects of neoliberal restructuring policies on different classes in society. Although he makes use of Marxian approaches quite productively, an inclusion of classes into the debate would have demonstrated more clearly how the discourse of economism indeed works in favor of one class while fiercely attacking others.[5]

These issues aside, Teivainen's work presents an essential and timely challenge to the much of the conventional wisdom of our times. Politicization of the economic sphere is necessary for a deepening of democracy, but of course as Teivainen notes in the concrete analysis of

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[4] Post-autistic economics network (www.paecon.net), for example, provides substantial material on this issue for interested readers.

[5] For an interesting attempt of discussing neoliberal restructuring and the crises it produces along these lines see Ruccio (1991).

Peruvian governments (p. 23), not all politicizations lead to such deepening. Therefore, he devotes the last chapter to opening up a discussion on how to expand the limits of the possible for a deepening of democracy. Although he does not come up with a definitive answer to this question, *Enter Economism, Exit Politics* still provides a crucial contribution to those who are working on these issues.

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