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Citation: Rosenboim, O. (2014). Barbara Wootton, Friedrich Hayek and the debate on democratic federalism in the 1940s. *International History Review*, 36(5), pp. 894-918. doi: 10.1080/07075332.2013.871320

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Link to published version: <https://doi.org/10.1080/07075332.2013.871320>

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Socialism and democracy:
Barbara Wootton's international thought in the 1940s

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2013

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Abstract

In the 1940s many internationalists thought the Second World War created a unique opportunity to establish a new world order to promote peace as well as social welfare. By thinking globally, British internationalists wanted to challenge earlier social theory, and to offer novel solutions to social and economic problems that according to them could not be solved domestically. This paper focuses on the international social thought of the economist and social scientist Barbara Wootton, who envisaged a world order balancing socialist, democratic and liberal international ideas. As a leading member of the political organization Federal Union, she envisaged a global social democracy based on social and economic planning in a federal framework. By taking the British socialist tradition as her point of departure, she sought to integrate socialism, liberal democracy and internationalism in a harmonious federal world order. While associating herself with the British socialist tradition, Wootton regarded it as insufficient to address the postwar international crisis, and drew inspiration from democratic and liberal political theory. In this article I discuss Wootton's international thought in historical context, and assess her intellectual exchanges with prominent intellectuals like Friedrich von Hayek, to reveal her significant contribution to British international thought

Keywords: internationalism, federalism, democracy, Barbara Wootton, Friedrich Hayek.

Word count: 11,944

Introduction¹

In the 1940s many internationalists thought the Second World War created a unique opportunity to establish a new world order to promote peace and social welfare alike. During the war, and in its immediate aftermath, the internationalists' growing attention to economic and social themes was encouraged by the emerging British debate on economic planning.² British internationalists were inspired by internal political debates on planning to challenge earlier ideas of world order, and to offer novel solutions to social and economic problems that according to them could not be solved domestically. The war and its repercussions on global economy encouraged many intellectuals to propose visions of world order, even if previously they had not dedicated their attention to the international sphere. Emerging federalist organizations, and their visions for federal world order, became increasingly more appealing even to those who up to that time would not have identified themselves with the federalist or internationalist cause.

The structure of the new federalist order, based on its political commitment to freedom and democracy, was commonly accepted among federalist thinkers, but the precise meaning of 'democracy' was not always well clarified. The social and economic attributes of the federal democracy remained a source of contention and controversy. The British internationalists' debate on economic federalism emerged at a time when many British thinkers had already doubted fundamental aspects of current theories of political economy. Keynesian economics and the American New Deal experience of the 1930s enhanced the British concern with welfare and economic planning.³ The war experience persuaded many to reconsider the advantages of the planned economy, and to think about

political questions on a global scale. Hence, in the early 1940s federalist movements in Britain gave appropriate space for debating and developing competing transnational social and economic visions.

This paper looks at the international thought of the economist and social scientist Barbara Wootton, who envisaged a world order balancing socialist, democratic and liberal international ideas. A remarkable and opinionated woman, Wootton carved out for herself a unique intellectual space in a predominantly masculine academic field. Her critique of the *laissez-faire* market economy evolved in the early 1940s into a compelling vision of world federation based on equality, popular democracy and social welfare. As a leading member of the political organization Federal Union, she sought to reinterpret British socialism by theorizing social and economic planning from a global perspective. Her vision of democratic federalism as the foundation of a new world order emerged in reaction to the ideas of her colleagues at Federal Union, who included prominent economists Lionel Robbins, William Beveridge, and Friedrich von Hayek. Wootton integrated in her writings elements from various intellectual traditions: socialism, liberalism, Keynesian economics, social-democratic thought, Fabianism and liberal internationalism. One of the aims of this paper is to flesh out some of the eclectic sources inspiring her international thought. Wootton was wary of associating herself with a specific internationalist tradition. She did not refer to earlier internationalist writers, or to the ‘realist’ or ‘idealist’ traditions that E. H. Carr identified in 1939.⁴ In writing about the international sphere, she picked up ideas from sociologists, economists and political thinkers, most of whom she knew personally. Like many British liberal internationalists, she attempted to outline a new rational world order, but her main concern was social and

economic issues rather than the problem of war.⁵ Moreover, her concern with welfare and economics shaped the spatial dimension of her thought, emphasizing the local and the transnational over the international sphere. In this sense, she can be defined as a ‘transnationalist’ and distinguished from the British liberal internationalist tradition since her main interests were political and economic relations not between states, but across state boundaries. She shared the critique of liberal democracies advanced by Karl Mannheim and Harold Laski, but argued that the scale of any political and social reform should be transnational rather than domestic, but she sought to foster and reinforce the local dimension of politics as well. As I will show in the last part of the paper, she accepted some of the principles of Hayek’s critique of national economies, but refused to give up on the idea that rational planning could guarantee economic prosperity and social wellbeing. Thus, my exploration of Wootton’s writings will not aim at placing her within the framework of a specific internationalist tradition, but rather at showing the transnationalist, eclectic and intertwined quality of her thought.

The focus on the emergence of Federal Union as a proto ‘think-tank’ on international affairs will allow this article to explore lesser known aspects of Wootton’s and Hayek’s thought. As I will suggest, in the early 1940s federalism became an important intellectual and political cause for Wootton and Hayek alike, and it allowed them to test their social and economic visions on a wider international sphere. Their opposing views manifest the tensions between economic planning and democracy behind 1940s visions of world order. To understand their international thought it is crucial to come to terms with their definitions of ‘democracy’ and ‘planning’. Was ‘planning’ an empty word, a vague slogan of mid-century socialist rhetoric, or was it an economic

policy aimed at ‘Social Security and full employment’? How was ‘planning’ related to ‘democratic federalism’? What contribution did Wootton and Hayek make to the debate on a new world order, and the relations between politics and economics on a world scale? I argue that these questions could only be answered by looking at the thinkers’ involvement in Federal Union, and by considering their economic and social visions on a global scale through the idea of democratic federalism. Previous scholarship on Wootton dedicated some historical attention to her activities in Federal Union without comprehensive analysis of her international thought.⁶ Hayek’s federalism and his debate with Wootton are often considered as a marginal part of his wider economic theory, but the institutional and intellectual link with Federal Union is rarely discussed.⁷

This paper is divided into four sections. I begin with an intellectual biography of Barbara Wootton. I then turn to her federalist vision. The third section presents the historical background of Federal Union and its research institute, and the fourth looks at Wootton’s activities in the organization. The following section presents the federalist thought of Friedrich A. Hayek in relation to his economic thought, and explores Wootton’s critique of his ideas. Finally, I argue that by thinking internationally Wootton offered new insights on the British socialist tradition, and elaborated an eclectic – if not flawless – vision of a new world order, which saw a partial realization in the European Union.

Barbara Wootton

Wootton, later Baroness Wootton of Abinger, was born in Cambridge in 1897. Her parents were academics and inspired her to pursue a similar career path. She graduated in Classics and Economics from Girton College, Cambridge, and consequently joined the college's staff as a director of Social Studies. The shift from Classics to Economics to Social Studies shows Wootton's motivation to address in her intellectual work the central problems of her times.⁸ As a student at Girton she found inspiration in the writings of Alfred Marshall, and like him hoped to reconcile the scientific and public aspects of Economics. John Maynard Keynes was a family friend, and Wootton shared the concerns at the background of his 1936 *General Theory of Employment, Interest and Money*⁹ which helped foster the idea that political institutions should direct and regulate the economy. In the interwar years Wootton worked for the Trade Union Congress, developing a clear interest in socialism. Yet she was also receptive of elements of Fabian economic reformism aimed at bringing about economic change through gradual political and legal means. If the Fabian thesis focused on fiscal and redistributive reform measures in a democratic system based on representative government, Wootton insisted on the importance of popular participation at the grassroots level and on state intervention to regulate and reshape the market for the common good.¹⁰

Wootton's critical view of classical political economics motivated her intellectual turn towards the social sciences which she consequently helped to shape and define. The abstract and unrealistic theorizing which dominated British Economics at the time prevented, in her mind, economists from interpreting reality in a practical, scientific and useful way. In 1938 she published *Lament for Economics*, a book condemning the theoretical pretences of British classical economists. She deplored the excessive weight

classical economic theory gave to individual rational choice, and claimed that a more complex understanding of human nature and social interaction, based on empirical data and statistical analysis was necessary to assess and meliorate social and economic interactions.¹¹ She suggested a methodological turn away from grand theory and complex calculations towards a policy-oriented study of concrete social and economic problems inspired by scientific research methods like statistics, polls and surveys. The universality of science meant that both natural and social sciences were established on the same empiricist methodologies, and differed only in the degree of precision their research could attain. Yet leading economists including Keynes and Lionel Robbins did not engage with her criticism. Even Beveridge, who offered her a studentship at the LSE and later invited her to join the advisory committee for his *Full Employment* report, did not discuss her views in his publications. Despite the lack of institutional and academic recognition of her work, Wootton's ideas were often praised and discussed in the popular press.¹²

During her long career she struck a balance between extensive intellectual activities and public commitment. She was the first woman to serve on a national policy commission in 1924. In 1926, at the age of 29, she was appointed Justice of Peace. In 1927 she was invited to participate in the League of Nations World Economic Conference in Geneva, an important sign of recognition of her standing as economist. She was one of only four women to attend the conference. Between 1938 and 1964 she served on four Royal Commissions and in 1950-5 was governor of the BBC. In 1958 she was the first woman to become a life peer and used her position as a deputy speaker of the House of Lords to promote her socialist vision.¹³ In this paper I focus on the 1940s, a

decade in which her public activities aimed at advancing the cause of federalism and economic planning in a new world order.

The early 1940s were years of intense public activism for Wootton. Evidently, she saw the war as a window of opportunities to bring about a real social change in Britain and beyond. In 1938 Wootton joined Federal Union, and later became the President and Chairman of the National Council. Moreover, she held a range of other public positions: teaching posts, War Office activities, secretary to the Chatham House's 'Study Groups on Reconstruction' whose aim was to provide social, economic and political vision for postwar Britain. She helped Beveridge to research for his Full Employment Report and promoted their findings in articles of her own.¹⁴ Similarly, she was member of a group of intellectuals who helped H. G. Wells formulate his universal declaration of the 'Rights of Man'.¹⁵ She joined the New Fabian Research Bureau (NFRB) directed by G. D. H. Cole, the Federation for Progressive Societies and Individuals (FPSI) led by her Federal Union colleague, the philosopher Cyril Joad, and was appointed the Trade Unions Congress representative at Chatham House Council.

The foundations of Wootton's international thought

Before turning to a critical analysis of Wootton's writings, it is necessary to set the terms of discussion. In Wootton's case this is not an easy task. She rejected abstract theorizing as the foundation of social science, and focused instead on practical examples and concrete suggestions colored by persuasive rhetoric. She did not use the term 'internationalism', but when she encouraged her readers to 'think internationally' she

meant they should take into serious consideration issues and concerns that go beyond their own state's, and formulate political plans that encompass a wider, possibly global, social group. Socialists, among whom she counted herself, should be concerned with establishing a measure of economic and social equality: a universal minimum standard of living. This definition of socialism was not about public ownership of the means of production. She argued all socialists should adopt an international outlook to advance their social cause. A socialist was for her someone who 'wishes to see available resources used in the way that will provide the best possible life and living for everybody; who sets a particularly high value upon economic and social equality for its own sake'.¹⁶ Thus, socialism was more about just and equal distributive measures than about ownership of industry and production. She held that socialism was politically acceptable only in a democratic system upholding civil and political liberties as its basic values. She saw herself as a socialist rather than a 'liberal' but emphasized the political importance of 'liberty', meaning very simply 'being free to do what we want to do, whatever that may be'.¹⁷ 'Liberty', or 'freedom' should be discussed in plural form, because every individual could conceive of her freedom in more than one way. This conceptual pluralism rendered her vision theoretically loose, as she intended. She defined her international political project, a transnational federation, as 'the establishment over more than one previously independent state of a supra-national government with strictly limited functions'.¹⁸ Thus, it did not mean abolishing the existing states but subjecting them to the superior jurisdiction of a weak centralized federal government. In order to create a democratic federation, a viable economic plan for welfare was needed. She defined planning as 'recognition of certain elementary needs and of the fact that, if it

were not for the war and war preparation, the satisfaction of those needs would be entirely possible'.¹⁹ Planning was therefore a scientific enquiry into people's needs, and a publicly funded scheme to provide them. Despite Wootton's flexible usage of key political terms, I will now attempt to identify her theoretical influences in the intellectual horizon of early twentieth century Britain.

Wootton did not write about federalism before joining Federal Union in 1938. In the following year, she found new intellectual and political impetus to develop her own idea of federalism when she read Clarence Streit's newly published federalist treatise *Union Now*.²⁰ This world-famous book, written by a *New York Times* journalist, proposed the federal union of fifteen democracies in Western Europe, the United States and the British Empire dominions. The federal constitution would be democratic, and based on freedom of trade and migration. The book's public success encouraged Streit to found his own political organization, Federal Union Inc. But his ideas were not wholly shared by the British Federal Unionists. For Wootton, Streit underlined the importance and feasibility of a transnational democratic federation, but his assumptions about economics were misguided. Wootton shared Streit's conviction that federalism would be the optimal solution to the world's international problems because it would help transcending national rivalries which were the source of war and strife. Preferably, her democratic federation would be extended beyond the fifteen states he mentioned. But her most substantial criticism was directed at the lack of 'actual blueprint applicable to the complex economic world'. Democratic federalism could achieve social and economic goals on a global scale: welfare, employment, liberty and equality. Streit's vision was based on 'modified capitalism': a *laissez-faire* approach to market economy, based on

freedom of trade and migration.²¹ For Wootton this was ‘unrealistic’: the belief that lifting tariffs and quotas would boost up trade and increase prosperity was unfounded and irresponsible. She suggested combining Streit’s proposal with the American New Deal experience, and to establish a central authority endowed with powers for economic planning ‘for the welfare of the whole’.

Wootton argued that public authorities must balance between the commitment to freedom and the need to address the social demands of the impoverished population of Britain. Clearly, she was not the only one to voice such a vision during the interwar years.²² In the late 1930s, similar ideas were approved as the official policy of the Labour Party.²³ However, it is rarely acknowledged that Wootton was an active and vociferous contributor to this leftist intellectual and public debate on liberty, equality and planning in the 1930s and 1940s. As Jackson convincingly showed, in the interwar years British social thinkers increasingly accepted that equality was complementary to liberty, and economic inequality created uneven conditions and opportunities for self development. The growing participation of the working classes in politics encouraged more thinkers on the left to elaborate a new interpretation of ‘equality’ based on an increasingly active and intervening state apparatus.²⁴ Without permanently associating herself with any specific British intellectual group (like the Fabians, Marxists or radicals), Wootton’s socio-economic vision drew inspiration from a variety of sources: Laski’s pluralism, Fabian reformism, Mannheim’s social democracy, Keynesian economic interventionism, and liberal individualism. But her interpretation of the relationship between economics and politics stood apart. The relationship between liberty and equality, which was cardinal for social progress, had to be conceived on global rather than national scale. Her opposition

to the state emerged primarily from her critique of national economies, which were too exclusive, protectionist and belligerent to provide prosperity and social relief to the citizens. She criticized socialists who thought that resolving the issue of inequality within national boundaries was desirable and sufficient: for her the state was the origin not the solution to social and economic problems. Thus, Wootton's challenge to British socialists who took 'equality' seriously as a political goal was to expand the reach of their desirable policies to the whole world.

Socialism and Federation, her pamphlet published by Federal Union in 1941, was not a theoretical treatise but rather the outlines of a political project aimed at expanding the space of politics to the whole world. She used the notions of 'freedom' and 'democracy' to tie together the socialist and federalist causes. Her definition of freedom did not follow that of her major socialist inspiration, Harold Laski. Laski saw individual freedom as 'the absence of restraint upon the existence of those social conditions which, in modern civilization, are the necessary guarantees of individual happiness'.²⁵ For Laski the question of liberty was closely tied with the lack of political and institutional limits on individual choices, but his definition also alludes to the positive need for social opportunity to pursue personal aims. Wootton's interpretation was a more limited one, closer to the classic liberal view of freedom as absence of constraints or restrictions on one's actions.²⁶ Arguing that 'freedom' should be defined by every individual and not dictated by the state, she nonetheless envisaged a public sphere characterized by a strong intervening public authority, capable of 'discovering' not only the individual interpretation of 'freedom' but also the shared idea of 'public good' and actively promoting it through specific policies. As mentioned before, it is implied in her writings

that this ‘discovery’ could be made by employing scientific and empirical methods for social research. Wootton therefore revealed her unfaltering belief in the change-inducing abilities of human reason, which could not only identify social and economic needs but also direct the political authority towards an efficient solution. She adopted the concerns Laski expressed in his 1930 book *Liberty in the Modern State*, revolving around the state’s double function as the provider of the conditions for individual happiness, and the main threat to it. Yet if for Laski ‘liberty is an inescapable doctrine of contingent anarchy’,²⁷ beset with insoluble tensions between political authority and free individuals, Wootton proposed a more hybrid and optimistic view of the potential balance between political power, popular participation and individual freedom. The centralized authority would be assisted by the people at the grassroots level, who would participate actively in shaping public policy through local committees, delegations, campaigning and lobbying.²⁸

One of the famous proposals to link socialism with democracy was advanced by the Hungarian sociologist Karl Mannheim. Based in London from 1933, first at the LSE and then at the University of London, Mannheim was a well-known sociologist whose reflections mass democracy drew on pluralism, pragmatism and socialism.²⁹ In his earlier sociological works, he explored the meaning of scientific truth and the limits of historical knowledge from a post-Marxist position, arguing that human knowledge is characterized by a plurality of perspectives.³⁰ Nonetheless, he refuted relativism and argued that a meaningful, objective and truthful, understanding of the world was possible.³¹ In his 1935 book, *Man and Society in an Age of Reconstruction*, he outlined a vision of social-democracy based on planning for welfare and individual freedoms.³² In London he

sharpened his earlier critique of liberal democracies that went beyond asserting the high moral and political value of freedom. He analyzed the crisis of contemporary liberal democracies, whose epitome was the Weimar Republic, and suggested possible reforms to prevent the degeneration of democracy into tyranny. His analysis encompassed political, social and economic issues: his argument that *laissez-faire* could not provide the social conditions for political liberty was shared by Wootton. If this conviction was already present in the German edition of his *Man and Society* (1935), it was significantly emphasized in the English edition of 1940, which could be seen as ‘almost a new work’, complete with new chapters focused on his personal experience in a liberal-democratic state, Britain.³³ The idea that the state could – and should – engage in rational and well-studied planning of its economic and social structures and services to provide better living conditions for its citizens without compromising their liberty to live according to their choices seemed to Wootton extremely relevant to 1940s Britain. Wootton’s intellectual debt to Mannheim was not mentioned in her recent biography, despite the many references to his work in her writings, and her positive review of his essays on sociology of knowledge.³⁴ She was inspired by Mannheim’s attempt to reconcile freedom with social planning, a goal that Laski had already abandoned and that Wootton herself tried to achieve. His focus on democracy, a political system based on individual freedom and popular participation in decision making, was wholly shared by Wootton. For her, his vision was the answer to those who argued democracy and socialism could not coexist. Evidently, she and Mannheim knew each other personally, and she invited him to participate in events and meetings of Federal Union. His lecture at one of their meetings

in Oxford was published later in the Federal Union News, and provided Wootton with theoretical support for her vision of social planning in a federal democracy.

Wootton developed her interpretation of federalism by considering the possible impact of transnational federal union on economics and politics. Federalism became an attractive idea for her because it would allow a supranational control of armed forces and foreign policy to guarantee world peace. The idea that rational contemplation could, eventually, drive people to overcome differences and achieve a common political ground was important for interwar British liberal internationalists like Alfred Zimmern, H.N. Brailsford, David Mitrany and Norman Angell.³⁵ Wootton argued that despite the sometimes irrational behavior of individuals and states, a rational organization of society was possible, and could guarantee prosperity and peace. A rationally-organized regional federalism, extending over vast territorial space, would lend itself to more complex and sophisticated economic planning, under a powerful centralized government. National economies could experiment in planning only to a limited extent because some economic issues would necessarily remain beyond its sovereign reach. Moreover, Wootton doubted national economies could overcome the bias of particular political interest that beset their economic structure and policies. Wootton was more sensitive to the disruptive impact of particular interests on national economies, ignoring the possibility of similar problems on the federal scale. In that she followed other interwar economists concerned with the negative aspects of national economies on international relations. Re-appropriating the ideas of liberal internationalists like Richard Cobden, some economists considered practices of exclusion, protectionism, and discrimination as obstacles for economic growth and peace alike. In a more nuanced way than Cobden's, Robbins and Hayek

prescribed free trade as the remedy to the world's economic problems. Yet Wootton's critique of contemporary economic malfunctions led her to question the capacity of free trade to address the complex and multiple problems that beset the liberal democracies. Her solution was, like Mannheim's, rational economic planning, based on scientific social research.

The world's growing interconnectedness rendered necessary, in Wootton's eyes, planning on a larger scale, in order to meliorate the economic and social outcomes of production, consumption and labor relations. The exact geographic dimensions and location of the federation were of secondary importance, but a 'large canvass for planning' would facilitate coordinating the various economic activities for public rather than private good. Hence, effective economic planning had two conditions: it required vast territorial space, and also a stable balance between centralized government and popular participation. Wootton argued that federal economic planning would be more effective if the central authority had decisional power over matters of immigration, trade, currency, credit, tariffs, employment and production. Here again, some of her ideas are more original than others. The notion that currency, trade and tariffs should be internationally regulated became more accepted in the 1940s.³⁶ But few economists considered the impact of regulation of immigration on international prosperity and welfare. Since Wootton was interested in the relations between individual freedoms to improve one's life, she thought immigration should be managed by an impartial international authority, rather than by the interested states, because it would impact labor relations on a world scale. By and large, a unified economic and social policy had more chances of success because it would eliminate excess by better coordinating the various

aspects of consumption, production and trade. Importantly, Wootton did not advocate public ownership of the means of production, but regulation and control of finance and industry. For her a federation would be a means to increase social wealth and prosperity universally, both on the private and public sphere, and would therefore be a 'socialist' cause.

Popular control over economic planning was another major feature of her federal vision. Unlike earlier internationalists like J.A. Hobson and H.N. Brailsford who thought a world federation would be a panacea against war and imperialism,³⁷ she insisted on the importance of popular political participation and discussed the institutional framework which would allow and encourage individuals and small communities to be active partners in controlling but not directing the central planning authority. Addressing the issue of the relationship between the governing and the governed, Wootton argued that popular participation in politics should be extended beyond casting a vote every few years. Yet she accepted that lack of education or information could hamper the citizen's capacity to form political opinions on grand visions but were often closely involved in local affairs. She argued that local political and civil associations should initiate the shift of political activities from the center to the circumference. The relationship between government and the civil society would be based on democratic associations endowed with power to control government agencies and bureaucracy. Some of these associations could have executive powers as well: for example in food administration. Civil courts would give another possibility for private individuals to take public responsibility as referees for the settlement of disputes. Other associations could be merely advisory, aimed at informing the government of public opinion like opinion polls, statistics and

surveys. New means of measuring public opinion could also help transforming widely-shared ideas into policies.³⁸

The advantage of the federal government was its dualism: alongside the central authority there was space for many local initiatives. Popular political participation meant giving more power to those who would be directly influenced by the decisions, and also educating individuals to accept greater responsibilities in the public sphere.³⁹ In her mind, there should be a collaborative effort between individuals and government. The government should employ the new methods of social research, based on scientific and empirical analysis, in order to discover what individuals considered as 'freedom' and how better living conditions could be achieved. The top-down policies could be corrected by bottom-up intervention. Through structures of local politics, for her the most significant feature of democracy, individuals could express their support or criticism of national or federal policies. These criticisms would be processed by the public representatives, and arrive eventually to the decision-making level. Wootton did not provide many illuminating details of this system's functionality: she mentioned local councils, committees and political organizations as the foundation of bottom-up representation. Her involvement in many political organizations, from Federal Union to the Trade Unions Congress, made her aware of their political potential to reinforce popular participation in politics. If the world federation could build upon these organizations to facilitate communication between decision makers on the local and federal levels, it could guarantee democracy and liberty, and provide social and economic welfare through planning.⁴⁰

Federal Union

Federal Union was founded in 1938 by three Oxford and Cambridge graduates, Derek Rawnsley, Charles Kimber and Patrick Ransome, concerned with the possibility of war. They wrote a petition for a world federation to avoid a global conflict and sent it to opinion makers around Britain who soon shared their enthusiasm:⁴¹ Lord Lothian, Lionel Curtis, Barbara Wootton, Kingsley Martin, the editor of the *New Statesman*, and the ex-editor of *The Times*, Wickham Steed, Ernest Bevin, Archbishop of York, William Beveridge, Lancelot Hogben, Julian Huxley, Basil Liddell Hart, and many others.⁴² The idea of a federal union attained an increasingly important space in the public political debate in Britain, and received further support from sympathizing federalists abroad. After the foundation of Federal Union, Curtis and Lothian showed to the three founders the yet unpublished proofs of a new book, Clarence Streit's *Union Now*, which they thought could serve as the movement's manifesto.⁴³ Interestingly, the London-based movement anticipated the general concept of Streit's international best-seller, published in the following year. However, as we shall see, the British Federal Union saw Streit's campaign as a positive support for the federal cause, without necessarily sharing his particular vision.

By June 1940 Federal Union had enlisted over 12,000 members in over 250 local branches.⁴⁴ As the movement expanded, the new members became keener to contribute to the lively debate on its premises and goals. These discussions animated the movement's public meetings, through the Federal Union Research Institute (FURI), as well as the pages of its publication, *Federal Union News (FUN)*. The initial period of Federal

Union's expansion was cut short when Britain joined the war in the spring of 1940. Many of the organization's young supporters were recruited, and public opinion was more attentive to war news than to schemes of federalism. Despite these difficulties, in 1940-1944 *Federal Union News* remained a vehicle of vibrant debate on the long-term vision of a world democracy, in which many of Britain's political and intellectual leaders participated. The newsletter offered the organization a chance to crystallize its political goals, and present them to the public. At the outset, democracy was perceived as the opposite of Nazism, and was therefore chosen as the adequate goal for postwar planning.⁴⁵ In the name of 'democracy' the federal unionists lobbied for British intervention in Europe to promote a political and economic federation along the lines of Churchill's plan for a political federal union between Britain and France, proposed to the French government on 15 June 1940, when the French military defeat was imminent.⁴⁶ Soon however a more nuanced interpretation of 'democracy' and 'freedom' emerged.

After the failure of Churchill's proposal of federal union of Britain and France, the idea of a federation to unite Britain with other nations was initially met by British politicians with skepticism and doubt. Nonetheless by late 1941 some changed their minds. Federal Union obviously enjoyed the unqualified support of Henry Usborne, the MP who co-founded the Parliamentary Group for World Government, was the motor behind the British World Federalist Movement, and a great supporter of the Chicago Committee's World Constitution.⁴⁷ Yet support arrived also from less expected quarters. The *FEDERAL UNION NEWS* reported enthusiastically on a speech made by Harold Nicolson, in which the National Labour MP accepted that national sovereignty had to be limited, and withdrew his earlier reservations about federal union if a democratic

program was pursued.⁴⁸ In the report *FEDERAL UNION NEWS* replied to some of the questions Nicolson raised in his speech, highlighting the movement's commitment to a *democratic* federation. Thus, federalism became instrumental to achieving the true aim of the movement, a transnational democratic order.

The *Federal Union News* demonstrates well the intense discussion over the meaning of a 'federal democracy' among federalists from Britain and abroad. At first concerned with the war effort, soon the federal unionists turned to planning a 'New World Order' which they rooted in freedom and democracy: even the newsletter's motto was changed to "Spokesman of Freedom's New Order".⁴⁹ Historical studies of Federal Union usually emphasize the movement's difficulties in identifying a common program that all members could share.⁵⁰ Scholars focused on the organization's inability to pursue any of the competing geopolitical visions developed by its members: a European, Atlantic, imperial or world federation.⁵¹ As Charles Kimber recognized, the only point of agreement was that the future federation would be democratic:⁵² this point is crucial to understand the importance of Federal Union as an intellectual framework where new interpretation of federal democracy was developed in the war years.

On 1 June 1940, as the Dunkirk Evacuation was under way, Federal Union published their policy statement, which manifested the importance they attached to developing the notion of democracy beyond the state.⁵³ Their chief aims were 'to obtain support for federation of free peoples under a common government directly or indirectly elected by and responsible to the people for their common affairs, with national self-government for national affairs; to ensure that any federation so formed shall be regarded as the first step towards ultimate world federation; through such federation to secure

peace, based on economic security and civil rights for all'. Democracy meant personal freedom of association and speech, freedom from spying and arbitrary arrest, and freedom of access to information, freedom from war, from want, from censorship and propaganda, and from abuse of privilege. Effective popular representation would be ensured by universal suffrage. However, they asserted that 'in terms of the real values of contemporary life, and in terms of the probable postwar situation, the economic element in democracy is second to none'. Economic democracy means feeding, clothing, housing, educating and providing medical care for every citizen, up to a universal standard of living determined by the central federal authority.

In 1942, Federal Union statement of policy renewed the organization's democratic commitment, stating that 'Federal Union stands for the proposal that Britain should unite with any other nation which is prepared to agree on a democratic basis for the common government'.⁵⁴ The goals of the federation, which would be eventually expanded to include the whole world, were 'to secure peace, economic security for all, and the civil rights of the individual'.⁵⁵ The federation would include Britain and any 'free' state that would choose to unite. 'Freedom' was grounded in the institution of a democratically elected government providing a series of individual cultural, political and civil freedoms. Modeled on the British political experience, with the important addition of 'economic democracy', democratic federalism meant, therefore, not only political but also economic change on a global scale: the 'War on Want' was the common goal of the federated states.

Accepting the principle of 'democracy' as universal, Federal Union still acknowledged the diversity of social and economic meanings attached to it in different

places and societies. It was accepted that while Britain and Western Europe developed a liberal interpretation of democracy, focusing on civil rights and individual freedom, Russia emphasized public ownership and control over economic life towards a universal social standard. These ideological divergences could render a political agreement on the federal level more difficult to achieve. In 1942, Federal Union insisted on the need for a certain degree of political homogeneity between the political and economic visions of the federating states. At the same many members rejected federal visions that were based on democratic traditions or on shared cultural values. For Wootton the federal union's cohesion did not depend on an exclusionary common 'civilization', as Streit suggested. If for Streit all members of the democratic federation had to share a common vision of their own past, for Wootton federal union was grounded in a shared outlook for the future. History and traditions played a significantly small part in her account of federalism. Thus, non-democratic states, like Germany and Italy, could democratize and join in if they decided to undertake the federation's commitment to freedom, welfare and democracy. Inclusiveness became a crucial aspect of Federal Union's political vision. In order to render their proposal more viable, they envisaged a two-step union as a compromise: the non-democratic states could initially unite in a loose confederation, with obligations limited to disarmament and peacekeeping. Eventually, they hoped, all states would undertake constitutional reforms to become fully democratic and join the federation, where democratic principles were as important as social and economic planning: 'planning, that is public ownership and control in economic life directed to the maintenance of certain social standards, has come to stay. Planning in the hands of those who believe in political democracy will be directed at achieving economic democracy'.⁵⁶

The 1942 policy paper reflects Wootton's ideas in arguing that political space of the federation should not be determined geographically but by the commitment of the peoples and their institutions to political and economic democracy. In her view, political union was not about shared history, language, race or borders; it was about a common political and economic outlook in which the citizens were full and active participants. It becomes evident that for Federal Union a 'democracy' meant a political system in which individuals participated in decision making as individuals or groups, enjoyed certain political liberties like free speech, free press, and freedom of association, and – importantly – were entitled to have certain social and economic provisions, like nutrition, housing, employment, guaranteed by the state. These social and economic provisions aimed at promoted a weak version of equality, which could be the basis of 'social justice': it meant that 'democratic democracy' was about the individual's right to *get*, not only to *do*. Federal Unionists were concerned that the federal democracy would be compromised by a high degree of social and economic inequality between individuals and social groups. Wootton thought social planning could advance equality – but did not define the final form 'equality' should have in a political federation. While economic planning and regulation on a world scale, especially regarding monetary and trade, became increasingly accepted in the early 1940s, only a few discussed transnational social-economic planning for welfare. Wootton argued that the federal space was more adequate for welfare planning than the national one. The reasons for this assertion were implied rather than specifically stated. First, only a supranational authority would be capable of impartially regulating the world economy according to common not particular interests. Second, the federal authority would be able to set and implement a federal

standard of living, thus making a major contribution towards the goal of greater social-economic equality in the world. Third, the federal authority would have a greater variety of industrial and natural resources under its jurisdiction, and would therefore be more capable than any national government to coordinate and direct the economy towards greater efficiency. As we shall see below, this project of federal planning was based on the assumption that scientific research and democratic political participation would enable identifying humanity's basic needs, and elaborating economic plans to provide them.

Economic inequality created an important political challenge to the project of democratic federalism: representation. It was generally accepted that a global democracy should have representative legislative organs. But what should be the criterion for representation? Many federalists struggled with this crucial question, and their solutions were rarely satisfying or definitive. Some like Lionel Curtis wanted to expand the federation beyond the west, to include newly independent ex-colonies, but sought to limit the power of more densely populated 'backward' states by basing representation on taxation.⁵⁷ According to this idea, member states would be represented in the federal government according to their fiscal contributions, thus conditioning their political influence by economic means. This view was shared by other supporters of Federal Union, like Major W. L. Roseveare, who wrote to the *Federal Union News* warning that the 'half starved masses of Asia' could have an advantage over the 'literate well-fed Anglo-Saxons' if representation was based on demography alone.⁵⁸ Many were concerned that the financial burden that global welfare planning would pose to the richer countries would make them reject the whole vision of democratic federalism. However,

the official line of Federal Union wanted to link democracy with individual wellbeing, and therefore insisted on giving equal weight to each individual vote. The constitutional committee of FURI, of which Curtis was member, discussed this question in detail.⁵⁹ Since they assumed that the more immediate outcome of their work would be a democratic federation in the West, with the possible addition of the Dominions, they decided to avoid controversy and leave the question of weighted representation to the discretion of the legislative organ of the democratic federation. As much as the federalists believed in a universal living standard and economic equality, they had no illusions that the political priorities of the rich western democracies concerned above all their own geopolitical sphere. A truly global vision of economic and political justice was still far off.⁶⁰

Wootton and Federal Union

In 1940 and 1941 the key debate on the meaning of federal democracy revolved around the possible and desirable relations between politics and economics. In 1940 Wootton was invited to represent the Executive Committee at the FURI ‘economists’ committee’, whose other members included James Meade, Lionel Robbins, William Beveridge and Friedrich Hayek. FURI was founded in 1940 by Ransome and Beveridge to provide intellectual and scholarly grounding for Federal Union.⁶¹ However, the foundation of Wootton’s federalist economic thought wasn’t shared by other members. An earlier policy paper issued by the committee stated that a federal economy should be endowed with a common currency and a strong central authority to regulate monetary and trade

policies also within the member states. However, they added, such a ‘radical solution would probably have to be abandoned’ because the existing states would not give up their economic sovereignty and independence. Despite the divergence of opinions within the committee – Beveridge represented those in favor of planning while Hayek and Robbins opposed it – they shared a critical position towards national economies as the main cause of war and poverty. With this criticism in mind, the economists sought a compromise, and proposed to apply the principle of free trade to the international sphere, and leaving some fiscal, monetary and planning decisions to the national governments. They asserted that ‘free trade may be taken to be the fundamental basis for the international relation of the nations constituting the International Organization’.⁶² Upon joining the committee, Wootton underlined the close relations between economic policy and social rights on a global scale, promoting a new economic policy for Federal Union based on planning. Her insistence on economic planning undid the fragile consensus within the committee, and it polarized into two distinct positions – free market versus social planning – with Hayek and Wootton representing the two extremes. As Robbins noted in his interim report on the committee’s activities, the final solution was to avoid any decision and concentrate on envisaging a federation with substantial economic powers that could be used only in exceptional cases.⁶³

The report’s inconclusiveness beset also the Anglo-French economists’ meeting in April 1940. Wootton, Hayek, Beveridge, Ransome and Robbins traveled to Paris just two months before it surrendered to the Germans to meet their French colleagues and discuss ideas about European economic federalism. A sense of urgency characterized their

discussions with the French economists, who hoped to elaborate more effective machinery of economic government than the interim report offered. Yet even in this mixed forum the economists could not agree on the central principles of the federal economic authority, planning, or free market, and contended with asserting the general importance of federation.⁶⁴ For Wootton this conclusion represented a political compromise, but also clear evidence of the French interest in strong economic federal authority. For Hayek, by contrast, the conference offered yet another confirmation of his view that no agreement on the nature and scope of federal economic regulation and planning could be reached.

Wootton's article series, 'Plan for plenty' discussed these themes with clarity.⁶⁵ She defined planning as 'recognition of certain elementary needs and of the fact that, if it were not for the war and war preparation, the satisfaction of those needs would be entirely possible'.⁶⁶ Her argument was based on two assumptions: first, economic planning is politically beneficial because strife and poverty lead to political radicalization and war. She was convinced – without offering her readers any clear proof or foundation for this conviction – that the free market could not provide humanity's needs. Second, since the war budget showed that the State can finance large-scale projects; these funds should afterwards be diverted towards social causes to prevent future war. Her vision included not only relief to the poor and unemployed, but also free or subsidized nutrition and housing for all. The reaction to her views was mixed. Some federalists supported her plan, yet others accused her of paternalism and over-emphasizing irrelevant details which could obstruct the federalist cause by highlighting the disagreement within the movement. Others yet preferred social policies based on economic incentives rather than

subsistence provisions. Friedrich Hayek replied to her articles, holding that the risk in economic planning on a federal scale was double. First, the rich states may be reluctant to pay for the increase in living standard in the poorer states. Second, democratic institutions were not adequate for discussing and deliberating decisions on which there was no pre-existing wide-spread public agreement. In his mind, the main cause of war was the inability of German democracy to comply with its tasks due to fundamental disagreements, which he argued would hamper the functioning of a federal democratic government as well.⁶⁷ He invoked Weimar as an example for the tyrannical consequences of lack of democratic consensus for economic planning, arguing this could be replicated on global scale if her vision was realized.

Writing about the desirable policy guidelines on economic democracy, Wootton underlined the flexibility of her vision. She wanted Federal Union to promote the universal cause of living standard as the primary principle of economic democracy, and explained how to finance her global welfare system. For her, the better off the poor states would be, the more they could contribute to the federal treasury through taxation. Thus it was in the rich countries interest to promote greater equality on a world scale. The British system of social services paid for by taxation should be set as the model, and she listed a series of goods and services which the state should subsidize or provide free of charge. Yet she was committed to private enterprise and did not promote nationalization of industry. This is evident from her idea of fiscal reform to finance these social provisions. She based the new fiscal policy on three principles: individual – rather than corporate – taxation, increased taxation on inheritance whose highest rate amounted to 60%, and finally fixing an ‘absolute upper limit’ to individual income or inheritance.⁶⁸ Besides

taxation, Wootton wanted to reform the international financial institutions. Although she upheld a more radical plan of economic planning than Keynes ever envisaged, she did support some of his instruments of international financial regulation, and in particular Keynes' idea of International Clearing Union (ICU), a global banking institution which he presented to the British Parliament in 1943, and at Bretton Woods in 1944. The ICU was to regulate currency exchange and trade using a new international currency, 'bancor'. By penalizing creditor states, Keynes hoped the ICU would encourage states to use their capital to purchase foreign goods and improve world economy by consequence.⁶⁹ These were the sort of institutions Wootton hoped could facilitate the transition to a transnational economic – and political – system. The ICU would have helped stabilizing and controlling economic markets, thus contributing to a more balanced distribution of wealth and industry. Yet, by 1943, she seemingly despaired of the lack of political willingness to undertake federal and transnational reforms, and proposed to use some – not well specified – political authority to impose these schemes on reluctant states. In fact, Keynes' idea was never accepted internationally, although in recent years it attracted some interest and support.⁷⁰

The commitment for social and economic welfare went, according to Wootton, hand in hand with a democratic political system based on freedom and 'the rights of man'. In 1940, when Charles Kimber published the first Federal Union policy pamphlet 'How we shall win', she praised his assertion that 'man has certain rights and certain needs, and the business of the political machine is to fulfil (sic) the needs and safeguard the rights'.⁷¹ Her interpretation implies that 'needs' like 'rights' can be discovered and agreed upon by political decision-makers. Although the meaning of 'rights' and 'needs'

could be interpreted in various ways, it was still possible to lay down standards as the basis of state or federal laws. It was the role of social scientists to discover and analyze the meaning of ‘needs’ and ‘rights’ through qualitative and quantitative research tools. In March 1942 Wootton discussed the importance of Roosevelt’s ‘freedom from want’ in the postwar world order. While acknowledging that Federal Union could not, at that point, outline a consensual economic plan for the future, she underlined her commitment to economic security and social wellbeing as the foundation of a democratic world order. She perceived federalism as a means to achieve a democratic socialist society in which equality was not merely legal and political but also economic. Hence, as Patrick Ransome wrote in a letter to Beveridge as early as 1940, Wootton represented the interventionist faction in Federal Union, who sought to create a ‘new economic policy’ based on planning.⁷²

Yet, it would be too easy to classify Wootton’s view as ‘socialist’, as Hayek did dismissively in 1944, ignoring her strong concern with liberty in the public sphere. Her federalist vision explicitly rejected the Soviet model of socialism based on centralized government and collective ownership of means of production. For her any federation should minimize the limitations and restrictions on the individual political, civil, economic and cultural liberties.⁷³ Liberty meant very simply ‘being free to do what we want to do, whatever that may be’.⁷⁴ She deliberately used a crude definition of liberty to prevent politicians and political thinkers from imposing their particular vision of liberty on society: the substance of freedom should be defined by each and every individual, while the public authorities should only scientifically and rationally ‘discover’ – and not dictate – what individual freedom might mean for specific people at a specific time. The

concern with the impact of political planning on freedom was a common one in social-democratic circles. Wootton's commitment to individual liberty, independent of communal or political association, reflects the mixture of liberal and socialist ideas that characterized the British left. However, within the range of shared views, Wootton put more emphasis on the importance of individual freedom over universal economic equality. Moreover, her innovative contribution was in underlining the universality, and the global relevance, of this social-economic vision, and its applicability beyond the boundaries of the nation-state.

Wootton's notion of freedom, alongside the insistence on economic planning as the foundation of federalism, was inspired by the writings Mannheim on social-democracy. In August 1940 she invited him to speak at the Federal Union conference on The New Europe, which was held at Lady Margaret Hall, Oxford. His lecture, later published in *Federal Union News*, called to build upon the war experience to elaborate an international reform upholding the basic principle of freedom in a mass democracy, but also promoting new social policies and economic planning. Mannheim argued that the 'concrete situation' of 1940 showed that the public was disappointed with the incapacity of the free market to provide the promised social goods. The Nazi or Soviet models of planned economy promised some social welfare at the costly price of individual freedom. Nonetheless, he argued that the emergence of mass society emphasized the need for innovations in 'social, economic and political techniques', which are the 'sum of improvements which aim at influencing human behavior' and which can become tools of 'social control' in the hand of the government. Recognizing that the new 'social techniques' could both enhance and restrict freedom in society, Mannheim suggested that

democratic planning should be limited to the fields where without it chaos would govern.⁷⁵ Therefore, he maintained his earlier idea of freedom as lack of deliberate interference in the individual's life and choices, explored in his *Man and Society*. In this book, published in German in 1935 and in English in 1940, Mannheim offered a similar critique of liberalism, and called for the establishment of a planned society based on empirical study of humanity's irrational social behavior.⁷⁶ Rationalism, scientific methods and individual liberty were three key elements of Wootton's economic world order. She added a layer of complexity to Mannheim's definition of freedom arguing that the freedom should be understood as plural, as a variety of 'freedoms' constantly reinterpreted and articulated by all the individuals members of the society. A democratic polity should therefore be flexible enough to accept these changing and evolving - and sometime irrational - ideas of freedom, and allow their expression within the collective political structure.

Consequently, her vision was characterized by an underlying duality: various individual liberties were constantly reshaped and redefined, while individual needs were essentially universal and eternal. This duality imposed a paradoxical role on public authorities: to provide for basic and universal needs while guaranteeing ever-changing rights and freedoms. For Wootton, like for Mannheim and in a certain sense for Laski, this meant that mass democracy could no longer exist in an economic system based exclusively on the capitalistic free market. There was an obvious need for intervention by public authorities to safeguard individual liberties and to satisfy their needs. The democratic state had to take an active economic role in regulating and organizing the market in order to define and guarantee a global living standard. The political reality of

the 1940s showed her that the states either failed to do so, or promoted planning at the expense of freedom. Consequently, a global democratic federation was indispensable.

Wootton's debate with Friedrich Hayek

It has by now become evident that democracy and economic planning were Wootton's main concerns in Federal Union. Over these issues she became involved in a lively debate with Hayek, her FURI colleague and personal friend, and professor of Economics at the LSE. Friedrich August Hayek was born in Vienna in 1899. He studied Law and Economics at the University of Vienna. In 1923 he obtained a research assistantship in statistics and economic theory in New York. Later, his teacher Ludwig von Mises helped him find a position as the director of the Austrian Institute for Economic Research, and a lectureship at the University of Vienna. In 1931 he relocated to London, behest by Robbins, and was appointed Tooke professor of Economic and Political Science. In the 1930s and 1940s Hayek, along with Robbins, contributed to the development of LSE as an important center for economic research and theory, counterbalancing the influence of the Cambridge economists, and in particular of Keynes.⁷⁷ Hayek's London years were particularly productive and stimulating, he befriended London's leading economists, and dined regularly with Robbins at the Reform Club, but he met with other émigrés, like Mannheim, Karl Popper, and Raymond Aron.⁷⁸ He discovered the particularities of British social and socialist theory, and his economic theory was in part a political reaction to what he saw as the growing influence of socialism on Britain's economic policies.⁷⁹ At the same time, he extended his relations with other liberal economists, and in 1938

attended the Colloque Walter Lippmann in Paris, along with Aron, Michael Polanyi, Ludwig von Mises and others who will later join his Mont Pelerin Society.⁸⁰ The publication in 1944 of *The Road to Serfdom*, which he significantly dedicated to ‘socialists of all parties’, was a political response to all that was wrong in British economic policy. Hayek’s shift from economic theory to political economy emphasized his public commitment, which he sought to reinforce by founding the Mont Pelerin society in 1947.⁸¹

In 1939-1941 Hayek was an active member of Federal Union, and chaired the FURI economists’ committee where he promoted the vision of economic federalism previously articulated in his 1939 article ‘Economic condition of inter-state federalism’.⁸² In this article Hayek expressed his unqualified support of federalism, both political and economic. He expected federal union to contribute towards economic prosperity and growth, and argued that federalism would improve trade, communication, immigration and financial relations across national borders by undermining the national economies. Moreover, he held that federalism would be politically desirable as a guarantee of peace and security.

At this point the similarity to Wootton’s federal vision ends. Hayek argued that political and economic federalism must develop in parallel, and thought that the functionalist idea of a transnational economic system run by unbiased and apolitical experts would be a danger for liberty. Instead, economic decisions should be the result of political discussion. Transnational economic planning was impossible because there was no means to ‘discover’ scientifically individual needs. A consensual economic policy could not be drafted without the backing of a shared system of values and beliefs which

in national states serves as the basis of a common feeling of solidarity. Hayek thought that people would agree to limit their liberties by prioritizing economic planning over their own immediate good only for the sake of a common cause. But he opposed the cosmopolitan view that humanity as a whole shared common traits, needs and desires which could embody such a common cause. Therefore, there seemed to be no way out of the impasse: national planning was the cause of war, and federal economic planning was impossible. His solution was to limit economic policy to this fundamental principle: providing a rational permanent framework within which individual initiative will have the largest possible scope and will be made to work as beneficently as possible. Federalism had the merit of enhancing individual freedom from any kind of state power, national or federal. However, Hayek admitted that some form of economic planning might be desirable, and excluded the a-priori application of *laissez-faire* politics. In his federal vision, economic planning could be organizing on a local level, by the interested local communities, with limited impact. In that way planning would be more effective and represent the real desires of the affected people.

Hayek's federalism was further explored in the last – and least known – chapter of the *Road to Serfdom*.⁸³ This book is a fierce and uncompromising attack against 'socialism' in domestic and international politics alike. 'Socialism' means for Hayek not only 'social justice, greater equality and security' but also 'the abolition of private enterprise, of private ownership of means of production, and the creation of a system of planned economy' in which the 'entrepreneur working for profit is replaced by a central planning body'.⁸⁴ This definition helps Hayek to crystallize the opposition between 'socialism' and 'liberalism'. The rise of socialism represented for Hayek not only the

decline of liberal economy, but also the crumbling of Western Civilization under the tide of German and Italian fascism, regimes that imposed a particular vision of state-led welfare on a repressed population. Planning was invariably leading to restriction of liberty; it was the essence of fascism and totalitarianism. The devastating experiences of the war meant, for Hayek, that the democratic system could not sustain economic planning without giving up on individual liberty and adopting a collectivist illiberal system on the fascist model.

Hayek explained the impossibility of global consensus on welfare by the assumption that the human mind was unable to elaborate complex economic systems, and could not foresee the long-term outcomes of economic policies. The failure – or at least the lack of guaranteed success – of rationality transformed ‘economic planning’ into mere restriction of liberty. Hence Wootton’s ‘Planning for freedom’ was in Hayek’s view a contradiction in terms. Hayek was aware of the need for social and economic change: he rejected as conservative the idea that ‘liberalism’ meant an all-round *laissez-faire* policy, and admitted that some degree of economic planning could be necessary to implement a society’s particular vision of justice. However, ‘planning’ could not supplant competition as the main regulating function within the free market. Indeed, planning meant providing institutional guarantees of freedom of trade and competition by eliminating any interfering or limiting factor from the international economic system. ‘Planning’ did not mean positive provisions, but only negative restrictions on interventionism in what he insisted should be a ‘free’ market.

For Hayek, the dangers of planning in the national economies became even greater on the federal scale because a political agreement would be even more difficult to

attain. The lack of shared cultural, political and moral values rendered impossible any agreement on the desirable ends of society. Human reason per se could offer no guarantee of cooperation, agreement or even mutual understanding. Hayek had already harbored other doubts regarding human reason's capacity to grapple with long-term economic planning without resulting in complete restriction of liberty. His arguments were strikingly similar to those of another Austrian expatriate, the economist Joseph Schumpeter. In 1942 Schumpeter famously rejected the idea that democracy was an institutional arrangement for arriving at political decisions based on a shared idea of the common good. For him, individuals did not always act rationally, and often had different ideas of the common good. Competition and self-interest played a significant role in Schumpeter's political theory.⁸⁵ Similarly, Hayek doubted that the *willingness* to compromise and agree on an international economic aim existed in the international political realm.⁸⁶

Yet these challenges did not make Hayek give up his federalist vision. He saw federalism as the 'application to international affairs of democracy', and as the most effective way to achieve international peace. His idea of federalism followed the precepts of political devolution: the division of political authority between the federal, the state and the small community level would serve as check on political intervention in the economic sphere. Federalism would have a decisive role in reinstating international liberalism if it would assume the role of protecting the individual's freedom of action from any political interference. Rather than envisaging a world economic authority with overwhelming power, the central organization would have only the minimal powers to prevent any other political unit from issuing restrictive economic measures. The federal

political space would be comprised, according to Hayek, of entrepreneurial self-governing small communities within the existing states, which would unite in a federal ‘international community’ with minimal regulatory powers. Local communities would be given independent executive power to govern their own economic affairs, leaving the middle level of politics – the state – with very limited political and legal roles.

When Hayek published *The Road to Serfdom*, suggesting that economic planning could lead to totalitarianism, Wootton was quick to write a detailed reply aimed at proving Hayek wrong. Her book, *Freedom under Planning*, was a meticulous critique of Hayek’s arguments, arguing that economic liberty and public planning could be reconciled.⁸⁷ Wootton pointed out that Hayek’s thesis was built on the assumption that effective economic planning would necessarily entail public ownership of means of production resulting in loss of individual freedom of economic enterprise. Her goal was to convince her readers that a measure of public planning – alongside private initiative and enterprise – was possible. In her vision the private-public binary was obfuscated in favor of a more integrated system in which all components work together for a shared goal without compromising their different and unique functions. The private sphere would be directed by public interests, but there would be sufficient space of maneuver to preserve the freedom of individual initiative. For Hayek, this shared private-public space was not possible, and any attempt at blurring the boundary between the two spheres would invariably result in totalitarianism and repression.

The second point of divergence was the two thinkers’ conceptions of human knowledge. Hayek held that human reason was incapable of objectively evaluating economic phenomena, or of designing long-term complex economic structures. He

doubted the capacity of human reason to reflect upon external reality and foresee the possible outcomes of economic planning.⁸⁸ Hence political action in the domestic and international sphere alike could not use the human faculty of reason to accumulate knowledge of the world or to formulate judgment on public affairs. Shared human reason could not be the foundation of collective action, and could not motivate of legitimate large scale economic planning. In domestic politics, the decision to pursue an economic plan despite its negative impact on some members of society was motivated by morality and solidarity, but these lacked on the international dimension. Yet, it seems that Hayek's own assumptions about human reason undermine his federal project, as there could be no epistemological grounding for federation. Without a 'Kantian' universal moral imperative to persuade states to federate, or a human rational judgment of its benefits, it remains unclear why democratic federalism should nonetheless be globally accepted. By contrast, Wootton believed in the ability of scientific research to discover universal human needs which could be satisfied by the collective authority. Democratic federalism based on economic planning would be accepted across national boundaries because human reason could perceive that the federal political and economic structure could facilitate the achievement of common social and economic causes. Wootton's international order emerged from her strong belief in human rationality and in its capacity to collect information about reality, to elaborate political judgment and to identify the goals of collective human action. Although in her view not all human activity was rational, it was still humanly possible and desirable to employ reason in contemplating human affairs. Indeed she criticized Hayek's abstract theorization and fundamental pessimism about human nature. In that sense, Wootton was the intellectual heiress of the previous

generation of liberal internationalists like Zimmern, Hobson, Brailsford and Angell, who grounded their vision of peaceful world order in the assumption of human rationality.⁸⁹

Interestingly, both Hayek and Wootton were interested in encouraging grassroots political activity: Hayek saw self-government as the unmediated expression of the community's political and economic plans, while Wootton saw popular participation as means of connecting the top and bottom levels of federal politics. For both this system was a way to check the political power of the centralized authority, and to allow individuals to make practical contribution for the common good.⁹⁰ Since both Hayek and Wootton recognized that the 'common man' usually had better practical knowledge on specific issues than the governors and 'planners', popular participation would put the individual's knowledge to common use. Ultimately, federalism was for Hayek the most effective check on political power and the best guarantee of liberty.⁹¹ Yet while for Hayek political devolution was meant to weaken and disintegrate the national state without transferring its powers to the federal authority, for Wootton it was a means of involving the individuals in the system of planning directed by the federal state. In her view private individuals and associations, including the trade unions and local civil organizations, had oversight and control function over policies elaborated by experts on the federal level. Hence democratic federalism had two different meanings for the two thinkers. If Hayek underlined the individuals' freedom to initiate public policy, Wootton focused on their capacity to safeguard freedom by checking and correcting policies elaborated elsewhere.

Conclusion: Wootton's federal democratic world order

As the war continued, Federal Union lost its political relevance and public support. To many, it seems that the federal cause was lost. Kimber, Ransome and Wootton left the organization in 1944 when they felt its proposals became politically unviable or undesirable: Kimber endorsed a European Federation but thought it was politically unfeasible, Wootton failed to persuade her colleagues to promote world federation, and Ransome refused to side with any particular vision. Others, like Beveridge, remained at the movement's spearhead and successfully led its postwar campaign for European federation.⁹² According to historians of the European Union, the British Federal Union organization was instrumental in promoting the idea of European unity after the war. The intellectual impact of the organization and its member transcended the British sphere and received great attention in Italy and France as well.⁹³ The Federal Union pamphlets and in particular Wootton's were read by the 'founding fathers' of the European Union, including Altiero Spinelli the author of the Ventotene manifesto. For the intellectual historian, the early history of Federal Union is worthy of attention because the organization served as intellectual hub for some of the most prominent British thinkers on postwar world order.⁹⁴ It encouraged thinkers, like Hayek and Wootton, who previously engage little in international political affairs, to start thinking globally, and to test their political concepts on a world scale. Hence, the history of the early years of Federal Union offers a unique perspective on the main British debates on postwar world order and federal democracy, and on the importance of social and economic issues therein.

After the war Wootton turned away from the international sphere and focused on domestic reform. She became a prominent sociologist, writing about the British penal

law, criminology, social work and women's rights. She abandoned, however, the federalist cause. The reasons could be the emergence of the Cold War, the greater urgency she attached to postwar domestic reconstruction in Britain, and the decline of public interest in Britain and elsewhere, in the idea of world federation. In the 1940s, federalism seemed a good way to advance her social democratic vision. By the end of the decade, other means were preferable. Less concerned with specific institutional design or with geopolitical framework, Wootton succeeded in indicating a political direction which after the war became more and more accepted as the basis political order in the West. This idea, often known as 'embedded liberalism', is based on the assumption that the state had political and economic obligations to provide a certain standard of living to all citizens, and these provisions enhanced rather than restricted individual freedom.⁹⁵ Wootton's farsighted attempt to expand this vision globally also reflects the current trend establishing individual liberty and economic wellbeing as the universal foundations of human life and what would be called today global justice.⁹⁶

This article revealed that the differences between the visions of Wootton and Hayek did not necessarily imply clear cut opposition, since both were concerned with preserving individual freedom in a democratic mass society, and with economic planning for social wellbeing and financial prosperity. Importantly, both shared the view that the economic and the political spheres were closely linked, and any international order could not be stable unless it took into consideration this duality of public life. Clearly, this debate demonstrated not only the agreement on the basic traits of world order, but also the controversy arising from their competing interpretations of democratic federalism. Federal Union helped Hayek and Wootton to develop their international thought into two

stringent critiques on restriction of freedom in the 1940s. Both referred to the Weimar Republic to make their case for freedom: Hayek argued that political tyranny could rise from the impossibility of democratic agreement, while for Wootton the breakdown of democracy and freedom was caused by poverty and strife.

Finally, this article showed how the international thought of Barbara Wootton revolved around an eclectic collection of ideas and concepts, from the liberal interpretation of ‘freedom’, to Keynesian political interventionism in the international economy, to Laski’s pluralism, to Mannheim’s theory of ‘planning for freedom’. Since ‘freedom’ was meaningless without economic welfare, and planning made no sense unless the relations between government and the economic market were clarified, Wootton aimed at a holistic vision of world order, taking all these parameters into account. She was not satisfied with any specific ‘intellectual tradition’, and sought a way to integrate them in order to find a more balanced approach to international political problems. Perhaps Wootton’s intellectual eclecticism made her ideas less approachable to scholars who sought to follow clear-cut disciplinary and ideological routes. However, it is the unique combination of concepts that made her vision of democratic federalism intellectually compelling, and still politically relevant, especially in the context of the European Union.

¹ I would like to thank Duncan Bell and Peter Mandler for their insightful comments on previous versions of this paper. An early version was presented at the workshop on Traditions in British International Thought at Berkeley, California, and I would like to thank the organizers and participants for the helpful discussion.

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³ Ritschel, *The Politics of Planning*.

⁴ Edward H. Carr, *Twenty Years' Crisis: 1919-1939; an Introduction to the Study of International Relations* (USA: Perennial, 2001).

⁵ Compare Casper Sylvest, ‘Continuity and Change in British Liberal Internationalism, c. 1900-1930’, *Review of International Studies* xxxi (2005), 263–283.

⁶ Ann Oakley, *A Critical Woman: Barbara Wootton, Social Science and Public Policy in the Twentieth Century*. (London: Bloomsbury Academic, 2011), chap. 9; Alberto Castelli, *Una Pace Da Costruire: i Socialisti Britannici e Il Federalismo* (Milano: FrancoAngeli, 2002); Pemberton, “‘O Brave New Social Order’”; Jo-Anne Pemberton, *Global Metaphors: Modernity and the Quest for One World* (London: Pluto Press, 2001), 118–9.

⁷ Fabio Masini, ‘Designing the Institutions of International Liberalism: Some Contributions from the Interwar Period’, *Constitutional Political Economy* xxiii (2012), 45–65.

⁸ Oakley, *A Critical Woman*, 45–47.

⁹ John Maynard Keynes, *The General Theory of Employment Interest and Money* (London: Macmillan, 1936).

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¹¹ Barbara Wootton, *Lament for Economics* (London: G. Allen & Unwin, 1938).

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- ¹⁷ Barbara Wootton, 'Liberty and the Individual', broadcast, High Midland Radio, 11 Dec 1946, [Girton College Archive, Cambridge, Personal Papers of Barbara Wootton, GCPP Wootton] 3.
- ¹⁸ Barbara Wootton, 'Socialism and Federation' in Ransome, *Studies in Federal Planning*.
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- ²⁰ Clarence K. Streit, *Union Now: a Proposal for a Federal Union of the Democracies of the North Atlantic*. (New York,: Harper & brothers, 1939).
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- ²² For Paul Addison the post-1918 growing social awareness signified a 'swing to the left'. P. Addison, *The Road to 1945* (London: Pimlico, 1994), 127-155.
- ²³ Duncan Tanner 'The Politics of the Labour Movement, 1900-1939,' in C. Wrigley (ed.), *A Companion to Early Twentieth-Century Britain* (Oxford: Blackwell, 2003), 43-44, 52.
- ²⁴ Ben Jackson, *Equality and the British Left* (Manchester: Manchester University Press, 2007), 23-25.
- ²⁵ Harold J. Laski, *Liberty in the Modern State* (Harmondsworth: Penguin, 1937), 1. Laski's interpretation of freedom was grounded in his attention to social mobility. See also Jackson, *Equality and the British Left*, 25.

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- ²⁷ Laski, *Liberty in the Modern State*, 250.
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- ³⁵ Sylvest, 'Continuity and Change in British Liberal Internationalism, c. 1900-1930'.
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³⁹ Ibid.

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- ⁵⁸ Major W. L. Roseveare, 'Letter to the editor', *Federal Union News*, 17 Jan 1942.
- ⁵⁹ The members of the Constitutional Research Committee were William Beveridge, Lionel Curtis, Professor A. L. Goodhart, Patrick Ransome, Professor J. Chamberlain, F. Gahan, Dr W. I. Jennings, and K. C. Wheare.
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