

Are Markets Moral?

Arthur M. Melzer and Steven J. Kautz (Editors)

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This book provides eleven essays on various aspects of the topic of markets and morality. Although a classical topic, the ideas about the morality of markets are continuously evolving in response to emerging challenges, such as inequality and environmental concerns. A continuous reflection on the morality of markets therefore remains highly relevant for academics, policy makers, and general audiences, and this book offers several interesting contributions to this reflection. In what follows, I make some short comments on some essays and elaborate on some of the others.

Chapter 1 by Arthur Melzer gives a brief introduction to the debate on the pros and cons of capitalism, a system driven by the profit motive and based on the moral principle of protection of private property rights. The system is criticized for unfettering human selfishness, injustice, inequality, and exploitation. Arguments in defense are greater freedom, prosperity, expansion of people's range of life choices, moral desert, and encouragement of the lesser virtues.

In the interesting chapter 2, John Tomasi argues that economic liberty, a core characteristic of the capitalistic system, should be a universal human right. He defends his thesis by the institutional (consequentialist) argument that economic freedom stimulates human development (income, health, education) and the protection of the environment and by a personal (deontological) argument that it respects other people as moral equals. To the first argument, I would like to add that this is dependent on the culture and morality of a country. Recent research by myself published in the *Journal of Institutional Economics* and *Social Indicators Research* shows that the positive influence of economic freedom on well-being only appears in high-trust and long-term oriented societies. In the second argument, Tomasi adds that economic liberty makes people responsible authors of their own lives. A question that remains is, however, whether it also encourages responsibility towards others. Tomasi acknowledges that economic liberties should sometimes be curtailed to protect other foundational liberties and social purposes, but he disagrees with Mill, Keynes, and Rawls, who were more skeptical of the moral worth of economic liberty.

In chapter 3, Richard Epstein deals with a very specific subject, arguing that the deontological defense of the capitalistic system ultimately resolves into consequentialist arguments. Kant's attempt to escape consequentialism by refuge in absolutism is ultimately untenable, in Epstein's view.

In chapter 4, Steven Lukes continues the debate discussed by Melzer and Tomasi and presents a critical view on the morality of markets. Starting with the famous theses of Hirschman, in particular *doux commerce* and self-destruction, he develops his argument that markets stimulate commodification and a calculative mind with an indifference to distinctions that is degrading. He draws here on Radin, Simmel, and Sandel. Lukes ends his essay by posing very relevant questions that aim to evaluate the rival views on capitalism

without ideological basis, a research agenda that fits well with my own recent work (see <https://www.moralmarkets.org>).

The subjects in Robert George's chapter 5 (with much attention to the institution of the family), Peter Lawler's chapter 6 (on the link between capitalism and higher education), and Fonna Froman's chapter 9 (on Adam Smith and several examples of engagement in public practices) are again rather specific and I will not discuss them any further.

In chapter 7, Gurcharan Das presents an interesting analysis of the regulative institutions and culture in India informed by the concept dharma, doing the right thing. When individuals behave with dharma, they create trust and harmony in society. This suggests that India's culture provides the right pre-conditions for a well-functioning capitalistic system.

In chapter 8, Deirdre McCloskey argues that if Brazil, Russia, and South Africa would adopt the liberal ideas applied by India and China in recent decades, they would experience much higher rates of real per capita income growth. Her thesis is informed by an interesting historical analysis. Indeed, there can be little doubt of the strong relationship between good market institutions and economic growth. McCloskey dismisses the importance of culture in facilitating the positive impact of pro-market institutions. She argues that merely superficial rhetoric, independent from culture, would do the job. That seems quite optimistic in my view. Another complication that McCloskey does not touch upon is whether economic institutions can do without good political institutions and respect of human rights. Recent developments in China do not indicate that respect of human rights has a high or increasing priority. In addition, if one considers the relatively low and stagnant level of happiness in China, McCloskey could have been more critical in using China as a great example for other countries. If China becomes more powerful because of its economic strength, it may affect ethics worldwide in a way that is not exclusively positive.

Peter McNamare's chapter 10 and Andrew Bibby's chapter 11 conclude the book with interesting analyses of Smith's and Locke's views, respectively, of the development of virtues and the influence of religion on markets and morality according to Montesquieu. Bibby ends his essay by noting that a close analysis of Montesquieu makes clear that he supported the "feeble" markets view, which perceives that markets are essentially good but also weak, rather than being a proponent and source of the *doux commerce* thesis. Montesquieu has shown that markets are embedded in particular cultures and therefore highly sensitive to cultural traditions. Bibby agrees and points to the evidence that commerce is more supportive of societal development in the context of a political order in which religion and philosophy encourage and complement good civil laws. Given my previous comments, it will be no surprise that I wholeheartedly support this view.

—Johan Graafland (e-mail: j.j.graafland@uvt.nl)
Tilburg University, The Netherlands