

## **PHILOSOPHY, HISTORY, AND METHODOLOGY OF ECONOMICS**

### **Toward a Truly Free Market: A Distributist Perspective on the Role of Government, Taxes, Health Care, Deficits, and More**

**John C. Médaille**

Wilmington, Delaware: ISI Books, 2010 (282 pages)

Not all has to be rejected in the understanding of economics articulated by John C. Médaille who has written this book to update the distributist theory that had been developed before him by Catholic scholars such as Hilaire Belloc and Gilbert Keith Chesterton. In particular, he is right when he criticizes the abstract and essentially static framework of neoclassic theory and when he points out the need to emphasize the relationship between ethics and economy.

If not everything has to be rejected, nonetheless, most of it is very confused and debatable. Above all, it is not enough to criticize some—admittedly serious—faults of mainstream economics when you wish to offer a real alternative. In a quite explicit way, Médaille champions a mixed economy, thus giving room for the logic of authoritarianism. In the corporatist society imagined by the author, it would be easy for the politically strong to exploit the politically weak, as can be observed in many real-life situations.

The main trouble is that Médaille is never alarmed by the potential abuse of political power. This is evident when he writes that “economies heavily dependent on command have functioned successfully and left behind great monuments such as the pyramids or the medieval cathedrals” (38). Not only does he seem here to underestimate the distance between the Pharaohs’ Egypt and the Christian Middle Ages, he is close to legitimizing

the slave labor and the pain imposed on the innumerable and unknown Egyptians forced to build funerary monuments for Cheops, Khafre, and other political leaders.

In spite of his emphasis on the primacy of ethics, Médaille does not really oppose claims to dominion by the ruling class and state bureaucracies who live off money transfers and regulation. As it often happens, the consequence is a cultural perspective reiterating anti-capitalistic bias and egalitarian arguments. What is worse, this distributist theory is unable to grasp the moral scruples of classical liberalism—a spiritual heir of Judeo-Christian tradition and radically opposed to politicians' will to exploit society.

If in Belloc—one of the classic authors of distributism (most notably *The Servile State*)—a good society ought to restore many elements of the medieval and decentralized order, these sound arguments are absent in Médaille who believes that the modern state and the central bureaucratic apparatus must control our society. In spite of his rhetoric, the author of *Toward a Truly Free Market* is not a consistent conservative thinker because he is willing to reject the natural emergence of important social differences. For this reason, his analysis often recalls the arguments of socialism.

In particular, his theory of property is an extremely positivist one. For Médaille, in its origin, property is collective (“owned by the community” [116]) and only later it was distributed. Thus, it is strictly dependent on the political power and the legal system: “If I cannot call the police to evict the invader from my living room, I cannot actually be said to own my own home” (117). However, the cynical realism of this approach leaves no room for justice because law is identified with force.

This attitude is very clear in the analysis of a special form of ownership: the (Marxist) means of production. Médaille seems to believe in the existence of this separate class of goods, and he promotes the idea that control of companies has to be shared among their workers. For this reason, it is not surprising that he likes the cooperative economy of Italy's Emilia Romagna. What we should take into account, however, is that this Italian region has for a long time been dominated by a socialist culture (and for decades the Italian Communist Party received a large majority of its votes). Above all, the system of the cooperatives is a largely parasitic one because these companies are managed by politicians, and their profits largely come from politically assigned contracts to provide a number of social services. Even when they work in the market (as in the case of building construction or large-scale retail trade), they are legally protected from any kind of competition.

Moreover, from a theoretical point of view, Médaille's analysis of private property is contradictory. In order to be independent, property must be free from external interferences: It must be inviolable. Distributism suggests that wealth must be shared by all, and the task of political power is exactly that of distributing it. Médaille tries to reject the charge of socialism, but this seems a hopeless effort because, in the distributist perspective, all property is to be under the control of the politicians. Following this perspective, the government is the super-owner of all, having the right and the duty to define the specific possessions.

In the book, we find many critical reproaches against classical liberalism. Unfortunately, Médaille offers us a cardboard image of the market, and he reduces the free economy to its

schematic and Chicagoan description. The simplest way to rebut an intellectual opponent is to build a parody of his ideas, thereby showing that they are not useful to explain reality.

Médaille disregards the moral principles of a free economy, and, by consequence, he asserts that free trade is legitimate only if “there is full employment in both countries” (251). The only logical conclusion, then, is that international trade is always illegitimate. Following his skeptical attitude toward economic science and the metaphysical value of individual freedom, he rejects globalization and suggests a largely planned economy. For the sake of humankind, and particularly of the poorest parts of the world, I hope his call will not be heeded.

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## Entrepreneurship and Religion

**Leo-Paul Dana (Editor)**

Cheltenham, United Kingdom: Edward Elgar, 2010 (442 pages)

*Entrepreneurship and Religion* is a volume of articles edited by Leo-Paul Dana. He dominates the work; aside from the editing, he had a hand in writing nine of its twenty-two papers. (No other author appears more than once—except for two articles he co-authored with Teresa Dana.) Nine of the articles had already appeared in seven academic journals, signaling their quality, and thus this volume provides a single source for both the previously published pieces and related work.

Some of the articles are historical; others are contemporary. They have an international range, including research about minority peoples within a dominant society. Some of the work is empirical; most of it is descriptive. The result is a fascinating set of articles that, nonetheless, has limited impact as an academic approach. The projects are so context-specific that it is difficult to confidently extend their applicability.

Then again, that is the nature of this field. It reminds me of “industrial organization” in economics, where one studies various market structures such as competition and oligopoly. One of my friends in graduate school jokingly described the field as a “compendium of special cases.” Much of this work has the same features.

One deficiency in the editing is that many of the essays cover similar ground in their introductions, as they provide background literature and an overview of entrepreneurship. This is good if one reads the essays separately but creates much redundancy if one reads the book as a whole. (Along these lines, Dana’s introductory essay is most effective and allows one to skim the other chapters more quickly.)

One of the book’s strengths is in modeling and describing entrepreneurs as more than mere individuals who are to some extent constrained or encouraged by a legal framework. Entrepreneurial efforts are also a product of cultural, social, and religious contexts.

As Dana notes in his introduction, culture, religion, and society are intertwined with ethnicity. As it turns out, this hinders the goal of the volume. Often, inferences in the