create jobs.’” More positive examples such as Under Armour’s could be weighed against more detailed accounting of the cost of incentives. One such review in 1999 found that targeted incentives are “based on poor data, unsound social science methods, and faulty economic reasoning and [are] largely a political activity.”

While the prospects for reform are slight, precedents exist: deregulation of the airlines and other transportation in the 1970s, tax reform in the 1980s, and welfare reform in the 1990s. Bennett is a passionate advocate for reform who brings heat and light to the corrupt influence of government and business on one another, whether the Ex-Im Bank or barriers to entry from occupational licensing. Policymakers could use more such reminders.

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The End of Socialism
James R. Otteson
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James Otteson has written a comprehensive challenge to the socialist ideal that will be of interest to anyone concerned with the moral claims and implications of what are essentially the two competing economic systems of the world: socialism and capitalism. The former does not reduce simply, or even primarily, to public ownership of the means of production, according to the author. He understands economies to operate on a spectrum, with socialism being a system of more “centrally organized political-economic decision making,” relative to capitalism. With this definition, Otteson alerts us to the fact that the “capitalist” or “market” systems often criticized by well-meaning Christians in fact tend more toward centralism than decentralism and are therefore more socialist-oriented than they might appear. The book is written for nonspecialists, but it nonetheless makes a powerful intellectual case that the moral values of socialism, which seem worthy in the abstract, lose their appeal when they are translated into public policy.

The critics of capitalism—even those who do not openly embrace socialism—are often implicit defenders of socialism, as Otteson defines it. For them, markets should only operate in accordance with considered moral judgments. But this rejection of “market triumphalism,” in Michael Sandel’s pregnant phrase, carries with it great, often unseen, risks, and should be placed in the category of “careful what you wish for.” The most obvious problem is the enormous body of knowledge necessary to achieve, through calculated economic (generally redistributive) means, morally worthy ends. Furthermore, any centrally mandated redistributive outcome immediately faces the “Day Two Problem”: people once again engage in a host of economic exchanges—including buying, selling, trading, gifting—based on “their labor, their love, their concern, their knowledge, their futures, their reputations. This means that new inequalities immediately arise.” It also
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means—though Otteson does not quite say it—since his main concern is a critique of centralized socialism—that it would be incredibly difficult for any distributist system that has subsidiarity in mind to do anything other than destroy subsidiarity in order to save it.

Centralized planners simply do not possess enough relevant “localized knowledge,” including the ever-shifting circumstances of even the smallest of economies, to act intelligently. To the extent they restrict economic activity, they distort pricing and further attenuate the knowledge that is necessary for any plan to achieve its ends—assuming the ends are anything other than despotism itself. There is a critical distinction to be made between justice and beneficence. According to Adam Smith, rules that can reasonably be known from afar—rules of “negative” justice—are fit subjects for the state’s attention. By contrast, rules of positive virtue are “loose, vague, and indeterminate” and are the proper subject of local, individualized attention.

Capitalism allows economic inequality, to be sure, but it is an inequality that benefits the poor as well as the wealthy. Minimizing inequality will minimize the prosperity that benefits all—a proposition for which there is considerable empirical support. Beyond this, capitalism emphasizes an important moral equality: It sees human beings as constructed and motivated in similar ways. They respond to similar incentives and exhibit similar patterns of behavior over time, including the desire and ability to improve their own lives without the paternalism of “superiors.” As Smith pointed out, “The difference between the most dissimilar characters, between a philosopher and a common street porter … seems to arise not so much from nature as from habit, custom, and education.” Capitalism emphasizes the absence of natural superiority—especially when it comes to knowledge of how best to benefit the individual. Even if this knowledge were somehow available to distant third parties, the exercise of the power to dole out benefits would deny individuals the respect they are due as equal moral agents who make decisions and take responsibility for those decisions. This is Otteson’s critique of Rawlsian liberalism: “Redistribution, as well as other methods of centralized restriction, denies [individuals] this respect. It is therefore unfair.” These are considerations to which economic thinkers, both secular and religious, would be well-advised to pay attention, and Otteson presents them clearly and convincingly—up to a point.

Throughout, Otteson relies on a strong theory of agency that, at times, seems a bridge too far for people of faith who understand economics, like all human activity, to be part of a larger moral order. His theory of agency is one in which individuals have the right to decide which values they should pursue, and how best to achieve them, based on local knowledge of relevant costs, benefits, and tradeoffs. To the extent that centralized planners interfere with that, they assault not only efficiency but also human dignity itself, for dignity is to be found in autonomy and in one’s taking “ownership” of one’s life. It demands that we “respect each human being, along with the decisions, valuations, and actions each makes or undertakes.” Although there is something to be said for respecting actual human beings rather than abstractions—such as socioeconomic classes—there are dangers in reducing Aristotelian prudence to the service of autonomy. In his defense of the latter, Otteson aligns himself with Kant rather than Hobbes, but the difference between
the two is not as clear as is should be when practical reason, for Hobbes, is merely the scout for the passions—or, in Otteson’s terms, the “unique schedules of preferences and values” of each individual. We choose, therefore we are: we do not, according to Otteson, even have much of an idea of what an “advantageous” family is, at least from the point of view of law.

Otteson is a philosopher, not an economist, so he would do well to attend to the relative ranking of human values, rather than simply expressing doubts that such an enterprise is possible. He should, for example, be more concerned than he seems to be with the question: “What ought there to be a market in—and what not?” Otteson’s generally wise explication of Smith could be leavened by reference to Burke: “The effect of liberty to individuals is that they may do what they please: we ought to see what it will please them to do, before we risk congratulations.”

One does not have to embrace centralized planning or the modern administrative state to think that law inevitably has some role to play in ordering people to the human good—in encouraging them to recognize that life in the polis is a way station on the road to blessedness.

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