

The Ethics of Capitalism: An Introduction

Daniel Halliday and John Thrasher

Oxford: Oxford University Press, 2020 (xvi + 288 pages)

Books with “capitalism” in the title often generate more heat than light. Perhaps this is not surprising, given that it is essentially a pejorative term invented by its critics. With little consensus how it should be defined—let alone assessed—polemic and passion prevail. This book, however, breathes cooler air. It is written largely to help readers *understand* capitalism, rather than to defend or critique it. There is no badge-wearing nor labeling, nor any attempt to promote or denounce fashionable “cancel” or “woke” perspectives.

The judicious nature of the analysis could suggest this a dry academic text. It can certainly be regarded as a textbook, ideally suited as foundational literature for taught courses in philosophy, economics, philosophy, or business studies. But it is by no means schoolish or turgid. On the contrary, it “befriends” its readers, takes them by the hand, and journeys with them through the rugged intellectual landscape of historic and contemporary economic theory. Recognizing the diverse makeup of its readership, there are even two prefaces, one for “students” and one for “instructors.” The book is, however, broader in appeal than these two categories suggest—general readers beyond the academy will also find this book stimulating and enlightening.

The book begins by introducing the reader to political economy while emphasizing its moral dimensions. It then seeks to outline what is distinctive about capitalism. Unlike most treatments of capitalism, it does so not only in relation to socialism but also to feudalism. It concludes that capitalism is a system of institutions (such as property rights) that enables productive and peaceful trade. To argue for its morality is to argue that greater economic justice can be found in capitalism than in socialism or feudalism. Critiques of capitalism are often, the authors contend, critiques of what is more accurately regarded as feudalism. Capitalism is about the production of new wealth, not about elites extracting and accumulating wealth from others.

All this leads to a consideration of capitalism as a spontaneous phenomenon, based on the price signaling that market freedom facilitates. The argument that markets always work best when they are left alone because price signaling ensures the efficient allocation of resources is dismissed by the authors. Markets, they argue, are not entirely spontaneous and often fail—governance is necessary to create the right conditions for them to flourish. This does not, however, justify central economic planning. The key flaw in that system, the authors insist, is that it prevents the effective distribution of information and incentives. They acknowledge, however, that socialism captures something desirable about community that can be jettisoned by market norms.

Conscious that many critics of capitalism focus on globalization, Halliday and Thrasher consider global trade to be largely about the division of labor between countries. Instead of struggling to be self-sufficient, nations can become economically efficient by exchanging products and services with each other, according to what they are good at. Globalization’s discontents often, they point out, highlight ways in which trade is restricted or distorted,

or highlight injustices that are not innate to global trade itself but derive from its political context. The authors do not, however, dismiss protectionism outright, especially in the case of developing economies.

The book ends with vigorous yet balanced discussions of the ethics of positional goods; labor-saving automation (including big data and artificial intelligence); whether some market exchanges (in human kidneys, for example) should be prohibited; and environmental conservation. Regarding the latter, the authors acknowledge that an effective global response to this issue is both urgent and distressingly difficult to achieve. But they warn against too much concentration on who or what is to blame for this situation and suggest ways in which political economy may help the global community to address them. While markets are partly responsible for environmental degradation, they are also indispensable in addressing this degradation.

This book is not a handbook or manual on how to think and act in an ethically responsible manner in the global economy. It aims, rather, to get readers thinking for themselves by giving them the intellectual tools they need to explore a variety of options. For those interested in the role of human character, virtue, or religion, it is bound to be disappointing that those tools do not include any that are drawn from virtue ethics or theology. Capitalism, socialism, and feudalism all have deep roots in Christian thinking and behavior, and the rise of capitalism in today's world roughly coincides geographically with the rise of Christianity. Understanding the ethics of capitalism demands an understanding of the (religiously motivated) beliefs and virtues that shape that ethics.

One of the many strengths of the book, however, is that the authors are as careful to avoid market fundamentalism as the anti-market presumptions and mindset of the contemporary academy. This may mean the book will be deemed too pro-market by capitalism's critics and not sufficiently pro-market by capitalism's defenders. But it does mean the book offers a well-informed and level-headed introduction to capitalism's ethics. It also provides painstaking assistance to the reader, including chapter introductions and conclusions; study questions; suggestions for further reading; and an associated website with additional resources (www.ethicsofcapitalism.com). The authors thereby demonstrate their expertise not only as thinkers and researchers but as university educators. The readers will wish they could be a fly-on-the-wall during their lectures and seminars!

—Peter S. Heslam

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