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BOOK REVIEW

Martin Schlag, and Juan Andrés Mercado (eds.), *Free Markets and the Culture of Common Good*, Dordrecht: Springer, 2012, xi + 260 pp. ISBN: 9789400729896

In addition to unleashing a flood of cheap *fiat* money by selectively prodigal central banks, the international financial crisis following the 2008 collapse of Lehman Brothers has led to a massive outburst of academic literature on the crisis itself, with which *EMFM* has been dealing too. And while the burden of the crisis got shifted away from finance and onto the real economy – not to mention the States' *public* budgets, which have been utilized to keep afloat over-indebted *private* holdings – enterprises have been ruined, jobs destroyed, families impoverished, public services reduced or suspended, suicides made likelier, unnatural deaths more frequent (e.g. Kentikelenis, Karanikolos, Papanicolas, Basu, McKee and Stuckler, "Health Effects of Financial Crisis," *The Lancet* 378(9801): 1457–8, 2011).

Even conventional wisdom on economic matters has been shaken a little by these tragic events. Liberalization, privatization, free capital trade across national borders, larger economic and monetary units, and the unbridled pursuit of profit by self-maximizing private actors – what the media call "greed" – in allegedly self-regulating markets have stopped being the self-evident truths of an unerring science of the common good. Doubt has re-entered the mainstream of public discourse on "globalization," "capitalism" and "the free market," after being excluded from it for at least three decades, during which most critical voices were dubbed "nostalgic," "anachronistic," "uninformed," "utopian," "bad for business," or even inimical to "freedom," "democracy" and all that is good and just. The same has happened to a lesser extent within the mainstream of academic discourse, even in the professional field of economics (e.g. Ha-Joon Chang, *23 Things They Don't Tell You About Capitalism*, London: Allen Lane, 2010), which relied for decades upon conformist orthodoxy in order to project outwardly the notion of a paradigmatic science and to select inwardly right-thinking acolytes. Policy change still lags behind, yet with rare and significant exceptions.

For example, one of the first victims of the crisis, the Republic of Iceland, has succeeded in recovering from its own 2008 meltdown better than any other European country by pursuing policies that contradicted economic conventional wisdom in many of its aspects. Stricter rules were defined and enforced in business life, recently privatized banks were renationalized, capital controls were reintroduced, the importance of firm ethical standards was publicly reaffirmed by a special parliamentary commission on the banking collapse, leading financiers and political leaders were prosecuted, the fiscal system was re-made substantially progressive, taxation of financial earnings was increased, mass layoffs were prevented through extensive negotiation between employers' representatives and trade unions, and the State was granted once more an opportunity for constructive intervention into the nation's economy (cf. IMF, "Iceland and the IMF", available on http://www.imf.org/external/country/isl/index.htm, last updated 22 June 2012; SIC, "Report of the Special Investigation Commission", available on http://sic.althingi.is/, 12 April 2010).

The volume edited by Schlag and Mercado is a welcome addition to the slowly changing views on what should constitute economic wisdom today. Not only does it contain many intelligent observations on the causes of, and the remedies to, the current crisis, including the largely neglected topic of social enterprises. It is also a rare example of multi- and interdisciplinary scholarship. Hardly any publication on the crisis has been as holistic in its approach as the present volume. Schlag's and Mercado's book comprises chapters penned by eminent experts not solely in diverse academic fields – ranging from economics to theology – but also in various professional areas, such as high-level policy-making, risk management and banking. To name a few, the book contains essays by Italian philosopher and long-term MP Rocco Buttiglione, French economist and former IMF president Michel Camdessus, Vatican scholar and prominent member of the Roman *Curia* Paul Josef Cardinal Cordes, and British Vice President of Goldman Sachs International Lord Brian Griffiths of Fforestfach. Clearly, it is the editors' hope to be able to reduce the specialists' frequent isolation from, and sheer ignorance of, one another's research and expertise. This hope is commendable, given also that at least two of the book's contributors regard such isolation and ignorance as root causes for the orthodox economists' blatant inability to predict and help preventing the ongoing crisis (Canadas, 131–4; Fforestfach, 143–4; Schneider, 243; hereafter, references to the book hereby reviewed are given by contributor's name and page number).

Mirroring this plurality of perspectives, the book is loosely organized in two parts, which are open-ended and inclusive to the point of redundancy. The former is a collection of eleven essays and is entitled "Free Markets and the Role of State Authorities." The latter comprises six essays and is entitled "Social Responsibility, Entrepreneurship and Virtues." A common theme joins mutually these two parts, namely the emphasis that all the authors place upon the cultural and especially *ethical* preconditions for the proper functioning of a market economy. All authors agree on the markets' incapacity to deliver genuine human well-being if the agents operating therein act in a seemingly "efficient" way that is however devoid, sometimes by definition, of adequate moral considerations. Without "friendship, solidarity and reciprocity" (Schlag, 106) *also* within the economic sphere, this sphere becomes prone to self-destruct in the blind, exclusive, and inhumane pursuit of "short-term profit" *in lieu* of long-term profit (Argandona,182), and of "shareholder value" *in lieu* of stakeholder value (Webber, 225). Contrary to modern economic "classics" such as Friedman and Steinberg, "efficiency" and "utility" as the sole guides of economic behaviour are deemed to make economic development *de facto* impossible (Argandona, 188; Zamagni, 194–5). When short-term self-centred profit-making is the sole or prime accepted motive of allegedly rational economic agents, then the informal as well as formal inter-personal rules of the game that should prevent it from becoming a grotesque and cruel travesty of itself are bound to be bent, ignored, broken or swiftly modified by legal and illegal means. The well-known faces of this profit-driven descent into markets' self-impairment are tax dodges, frauds, cartels, corruption, speculation, and crises. Bad ethics is, in the end, bad business. The shared source of inspiration behind the book's common theme is the social doctrine of the Church and particularly Pope Benedict XVI's latest encyclical letter on socio-economic matters, *Caritas in veritate* (2009).

It is not possible to review individually all the seventeen essays of the book in this short text of mine. However, the readers of *EMFM* are likely to find the following observations of great interest, at least as concerns the somewhat changing economic wisdom of the day and its ability to lead to the common good:

- The liberal market economy is not identifiable with Thatcherism or Reaganomics (Rhonheimer, 32); historically, until at least WWII, "neoliberalism" used to mean "ordoliberalism", which praises the market mechanism as the optimal way to allocate resources, but not as a complete theory of society, arguing instead for the State's paramount role in setting the rules of the competitive game (Rhonheimer, 36–7);
- A well-functioning liberal economy depends upon natural and cultural preconditions (Rhonheimer, 35; Schlag, 94; Camdessus, 110–4; Webber, 221–7) that the implicit callous anthropology of the market economy must be prevented from damaging (Hittinger, 48–9) *further*, as much of what once was has already been lost (Donati, 63), including the mitigating influence over legislation and business practices of the traditional Christian "antagonism" to money-making and money-lending (Schlag, 99–102);

- The common good requires thinking of society as a collective entity that cannot be reduced to the individuals living together in it (Hittinger, 50);
- The separation between idle ownership and actual management (cf. Smith) as well as productive work (cf. Marx) causes the former's profits to be hardly justifiable in theory and often difficult to secure in practice (e.g. managers' embezzlements and workers' strikes) (Das Neves, 55);
- As argued long ago by Aristotle, the good economy is the economy that does not pursue wealth for its own sake, but rather the fulfilment of genuine human needs (Das Neves, 56–7), which are not the wants instilled artificially by advertising and marketing strategists into people's minds (Donati, 67);
- Personal moral responsibility does not disappear with the trading order (Das Neves, 58; Cordes, 92) and must be integrated by corporate social responsibility (Argandona, 177–9) in order to prevent, for one, that the investments of morally decent individuals be used in the pursuit of morally dubious and socially harmful profitable aims (Zamagni, 199);
- The world needs a new global financial system, which is governed and re-regulated by representatives of the world's nations at a variety of levels and within existing international bodies (Camdessus, 116–8; Fforestfach, 149–52);
- A civic economy that works for the betterment of people's morality (Cordes, 96) and allows for friendship and solidarity to be cultivated is not only ethically imperative, but also economically wise, for it is a key-source of social cohesion (Buttiglione, 125; Zamagni, 200). Economics' abstract *a priori* deductions aside, concrete economic laws must be consistent and consonant with physiological and sociological ones: if salaries are too low for people to live decently upon them, then crime and unrest will ensue, for nobody wishes to suffer in order to keep up someone else's profit margin (Buttiglione, 123);
- Economists agree on the "stable growth of GDP" as the paramount goal of any economic system, but disagree on how to pursue it (Canadas, 128); however, the "stable growth of GDP" is a very limited indicator of genuine human well-being, which is captured much more convincingly by other sociological indicators (Donati, 70; Canedas, 134; Khalil, 210; Schneider, 248);
- Moral responsibility for the crisis should be ascribed to private banks, central banks, politicians, as well as the public at large, at least those who borrowed the cheap money available in the 2000s (Fforestfach, 141); unlistened playwrights and church leaders, not economists, had correctly detected the process of "financialization" as a "blasphemous" worship of wealth (143–5) justifying a pernicious "culture of greed" (Camdessus, 111ff);
- Though commonly justified by means of reference to risk, entrepreneurship's lion-share of returns from productivity regularly neglects that the

largest and commonest risk belongs to the workers, who face unemployment, loss of income and destitution (Baroni, 154–5);

- Economists talk regularly of "freedom," but seem to forget that most people are not free, for they never had a choice with regard to the constrictions under which they make their choices in the market (Zamagni, 195); besides, most working persons are employees, who are not free within firms, since firms are top-down command structures (196).

The list above exemplifies the fascinating and soul-nourishing food for thought that the reader can retrieve in this volume, which does challenge some of the standard presuppositions of mainstream economic discourse and well-established socio-economic and political praxes. It does not challenge all of them, however. Quite the opposite, it reinforces some of the most peculiar amongst them, both (1) at large and (2) specifically.

(1)

At large, all contributors but A.M. Webber speak candidly and relentlessly of "free markets," "market economies," "market mechanism" and the "market system." The book's title does so itself. In this way, the contributors mark their distance from the Marxist school, which all seem to abhor, but also from the truth. They fall in fact into one of the "innocent frauds of economics" that the late liberal economist John Kenneth Galbraith (1908–2006) denounced in his last book, *The Economics of Innocent Fraud* (Boston: Allen Lane), which was published in 2004 after a long series of high-level corporate scandals in the USA, including the notorious Enron case. By using alternative formulations such as the ones above, all authors but Webber imply that, somehow, the economic reality of the world of the past decades is credibly analogous to the methodological fictions of orthodox economic thought, such as "the free coordination of individual interests by market interests" (Rhonheimer, 9), a "price system… undistorted by state regulation" (9), competition amongst a plurality of actors and "optimal allocation" *via* the price system (10). Yet, as Galbraith recorded in his long career, hardly any of these methodological fictions can withstand serious empirical scrutiny, which is more likely to reveal instances of what has been long called "capitalism," also by liberal and conservative pundits.

Galbraith preferred this notion not because of its Marxist connotations, which cannot be historically denied, but because "capitalism" had always sustained the awareness of a leading *power* within the economic sphere (e.g. "merchant," "industrial," 'managerial," "financial"). As Galbraith noted, this sphere is far more subject to oligopolistic concentration, *de facto* monopoly, self-serving managerial corruption, twin control of supply by monopsony and demand by operant conditioning, State capture, corruption and utter blindness to the actual welfare of the nations, than orthodox economists are psychologically willing and methodologically able to concede. Such leading powers, whether State- or non-State-centred (e.g. landed aristocrats, oil tycoons, Wall Street's "masters of the universe") have always intervened, influenced and *planned* economies to an enormous and decisive extent. In the mildest and least critical assessment of its history, capitalism is deemed to have been by far and most commonly *organized*, notably but by no means exclusively in Europe (cf. Lee McGowan, *The Antitrust Revolution in Europe*, Cheltenham: Elgar, 2010, chapter 3).

Whereas the book's contributors identify planning with the exercise of State authority, Galbraith believed that planners do not need to gather in a governmental building or a central bank's board of directors to do their job. A restaurant, a golf course, or the internet can be more than enough. In recent decades, a handful of manager-led profit-maximizing private banks and associated funds have been enough to precipitate major crises in entire regions of the world. Whether in Europe in 1992 and 2011 or in south-east Asia in 1997, this handful of key-agents have proved capable of directing the relative value of exchange and interest rates, the price of oil and vital staples, and of determining *a fortiori* the long-term course of economic activities, policies and trends for billions of human beings. These were no neutral "market events," as though the concentrated actions of few financial giants could be compared to rainfalls, earthquakes or tsunamis. Quite the contrary, they were an incredible display of power. This power feeds upon regular meetings in New York's cocktail bars and fancy Swiss ski resorts, expensive legal advice offered to the world's legislators, as well as software-enhanced coordination amid few top managers manoeuvring immense amounts of long-deregulated leverage-based capital, through which they can buy and sell not only real and virtual "goods," but also political careers, media outlets, academic research and trend-setting think-tanks (cf. Nouriel Roubini and Stephen Mihm, *Crisis Economics*, New York: Penguin Press, 2010; George Soros, *Open Society: Reforming Global Capitalism*, London: Little Brown and Company, 2000). The effects of this power are everywhere to be seen in the world today, yet any direct discussion of it as a *paramount* feature of today's economic system is quite simply absent in the book reviewed hereby.

These stark comments of mine are not a token of sensationalism or radicalism. Liberal Galbraith's observations aside, Italy's former Finance Minister Giulio Tremonti, himself a conservative politician, writes candidly in his latest book of an international "financial elite left to hold power's reins" *via* deregulation, revolving doors and influential institutions like the Bank of International Settlements (*Uscita di sicurezza*, Milan: Rizzoli, 2012, p. 40; translation mine). He calls this system of power "financial fascism, white fascism" (120; emphasis removed). Stronger words could hardly be uttered. Analogous comments have also been aired by the liberal economist and politician Giuseppe Vegas, who has been serving since 2010 as president of Italy's Securities and Exchange Commission (CONSOB). In a recent public address, he argued that "the *dictatorship* of the [credit] spread" has been nullifying the actual value of "universal suffrage" in Western democracies, whose voters have lost "*every* decisional power" in favour of "those who hold economic power" (Andrea Franceschi, "Vegas: 'C'e' il rischio dittatura dello spread,'" *Il Sole 24 Ore*, available on http://www.ilsole24ore.com/art/finanza-e-mercati/2012-05-14/relazione-consob-vegas-lancia-110722.shtml?uuid=AbXHvNcF, 14 May 2012; translation mine; emphasis added).

In the face of such a novel form of fascism, spending one's time and a book's many pages by musing upon "free markets" may be soothing, if not reassuring. The same can be said of the occasional remarks, often in the footnotes, about so-called market "imperfections" or "distortions", such as "anti-competitive behaviour" (26, n37), "financial sharks" (8, n12) or a company's "monopolistic position" (18). Taken together, though, this choice of terms and overall emphasis paves the way for a pervasive and blinding *trained incapacity*, that is to say, assuming the "free market" and "an 'authentic' capitalist and classic entrepreneur" (8, n12) as the norm, whilst criminogenic manager-dominated corporate oligopolies co-opting State institutions have long been the norm. This may well be an unpleasant reality, but it is reality nevertheless. Avoiding it systematically (e.g. by primary reliance upon deductive models rather than empirical research) or pretending that it is just an exception (e.g. economic reality being seen as compiling "market imperfections" rather than what the economy is) is the "innocent fraud" that Galbraith wished to bring forth once more before his death. Prior to 2006, in fact, he had done it already on a number of other occasions, since at least the 1950s (e.g. *The Affluent Society*, Boston: Houghton Mifflin, 1958; *The New Industrial State*, Boston: Houghton Mifflin, 1967).

Historically, even the extremely short-lived liberal economies of the mid-19th century (25) were very much the result of coordinated efforts by a leading power. No liberal, "natural" market economy (16–7) would have been seen in Europe without the conscious planning by the rampant industrial bourgeoisie of the age and their political representatives, who led *inter alia* publicly funded military campaigns to establish it worldwide (e.g. China, Japan). For those interested, the historical case at hand was described carefully and extensively in *The Great Transformation* (1944), a neglected "classic" in economics by Karl Polanyi, whom contributor F. Hittinger cites in order to remind the reader that market failures are the mother of political monsters (e.g. inter-war fascism; 46).

The blindness of nearly all book's contributors to the remoteness of the actual modern economic world *vis-à-vis* mainstream economics' fictions is further exemplified by yet another "innocent fraud" that Galbraith denounced in 2004. *Adam Smith* is cited repeatedly by several contributors, and his understanding of economic life is applied recurrently to present reality. Somehow, the book's contributors write as though the world's economy were still mostly in the hands of many small-scale entrepreneurs who own their own enterprises, compete with one another on a market of mostly tangible goods, and reinvest most of their gains within the nation's borders. Nothing could be farther away from the international business reality of the past decades – certainly more than three – during which not only did transnational corporate concerns attain supreme prominence in all key-areas of economic activity, but also most of the so-called "world trade" became virtual in nature (cf. Vitali, Glattfelder, Battiston, "The Network of Global Corporate Control," *PLoS ONE* 6(10): e25995. doi:10.1371/journal.pone. 0025995, 2011). That Goldman Sachs' business strategies may be regarded as methodologically equivalent to the proverbial self-interested "butcher" of Adam Smith (Rhonheimer, 30) is not only ludicrous, it is scientifically wrong. Today we have a global consumer society planned and regulated by national and international bodies at the behest of fraud-ridden, finance-intensive transnational corporate interests (cf. Harry Glasbeek, *Wealth by Stealth*, Toronto: Between the Lines, 2004; Nicholas Shaxton, *Treasure Islands*, London: Bodley Head, 2011). What Smith conceived of in the 18th century was a nation-enriching commercial society emerging from free inter-personal transactions in mostly tangible goods by individuals brought up in a virtue-enhancing, deeply Christian milieu. These two societies are not one and the same thing. Actually, they hardly resemble each other. History has taken a very different path from the one that Smith depicted: the days of early capitalism are gone, and so is hopefully Smith's willingness to accept that equilibrium between supply and demand be reached "in no other way than by destroying a great part of the children which… the inferior ranks of people['s]… fruitful marriages produce" (*Wealth of Nations*, ¶ I.viii.38; hereafter all references to Smith's classic book are given by standard scholarly mode, i.e. book number, chapter and paragraph). Besides, as supermarket chains take over specialized trades, even modern British butchers are no longer equivalent to Smith's (cf. David Nicholson-Lord, "No More Butcher, No More Baker", *The Independent*, available on http://www.independent.co.uk/opinion/no-more-butcher-no-more-baker-1612547.html, 24 March 1995).

The same authors seem equally oblivious to Adam Smith's harsh rejection of corporate concerns or "joint stock compan[ies]" (*Op. cit.* ¶ V.i.107), which he regarded as morally corrupting and economically inefficient, given their relentless lobbying for favourable legislation, their propensity to form syndicates promoting their own interests at the expense of the common good, and their internal division between ownership and management. These corporate concerns and these characteristics dominate today's economic sphere, whose legal framework is typically designed by the public bodies' legal consultants as much as by teams of corporate lawyers (e.g. EU and WTO law). Therefore, Adam Smith is *not* a sensible source to be cited in order to either justify or describe the sort of business world that exists today, which is rather "the caricature of Smith" (cf. Maria Pia Paganelli, "Is a Beautiful System Dying? A Possible Smithian Take on the Financial Crisis," *Adam Smith Review* 6/2011: 269–82; 269). Berle, Rand or maybe Friedman would be likelier candidates. Nevertheless, references to Smith abound instead.

Under this respect, the analytical index at the end of the book reveals the absence of references to those unorthodox economists (e.g. Michel Aglietta, the two Galbraiths, Michael Hudson) and non-economists (e.g. Cornelius Castoriadis, John McMurtry) that produced *long* before the crisis of 2008 extensive, articulate and multifaceted criticisms of the corporate oligarchy ruling over the world's economies and the sweeping process of deregulated financialization implemented at their behest by subservient governments. Rather than being dismissed as "[p]eople who… have difficulties understanding economic logic" or "just" non-economists, as contributor M. Rhonheimer does sneeringly with regard to Karl Marx (11), such critical voices should have been given a modicum of recognition, especially after experiencing the collapse of the international financial oligopoly in 2008 *and* its remarkable ability in making the world's nations pay for its own rescue. If anything, such an egregious collapse should have served as a falsification of the unrealistic self-referential models of money sequencing upon which most professional economists have been operating for decades, as well as businesses and governments that, to make things worse, keep paying substantial remunerations to these alleged experts for extensive guidance and strategic advice.

(2)

Sneering at Marx for not being an economist, when he is the founder of critical economics, displays a perplexingly sectarian interpretation of economics that is unfortunately far from uncommon amongst academics today, as though there were only one way to study economic phenomena. Not to mention the fact that the founder of liberal economics, Adam Smith, was himself a philosopher like Marx. The academic hubris displayed by M. Rhonheimer, who engages in a self-professed piece of "moral and political philosophy" and yet claims that only certain economists can truly understand how and why "free markets" are the best of all economic systems (3, n1), leads to the *specific* reinforcement of mainstream economic discourse's peculiar presumptions that I announced above.

To be precise, the opening essay by Rhonheimer restates a particular thesis that is central to economic conventional wisdom and that, at the same time, is *ungrounded* or, in all probability, *ungroundable*. As I shall show, this thesis, which is actually an unfalsifiable hypothesis, prevents any genuine scientific assessment of historical economic experience from being methodologically possible and reduces *a priori* the spectrum of pragmatic and ideal solutions that societies may benefit from. *In nuce*, the particular thesis at issue states that the so-called "market mechanism" is the necessary source of human prosperity. In his eloquent and fascinating account of Eucken's ordoliberalism and the related critique of *laissez-faire*, Rhonheimer offers (A) one elucidation and (B) one generic token of empirical proof in support of this thesis.

1. The elucidation is that no central planner would be able to coordinate all economic activities as efficiently as the "free market," in which individual agents pursue their own particular self-interest and, by so doing, unintentionally produce prosperity, in accordance with Smith's principle of the "invisible hand" (9–10). Though not all conditions for prosperity may arise this way, none would arise without it. The "market mechanism" is a necessary condition for prosperity, albeit not a sufficient one. States must also be involved, so as to secure fair market transactions, enforce beneficial rules, correct market distortions, and redress socially and morally harmful market outcomes. However, to think that "State or social planning" could ever achieve any prosperity without the "market mechanism" is "utopian" and discarded at once (4).

2. The generic token of empirical proof is that "history teaches" all this: "a capitalist economy based on a free market, entrepreneurial activity, and free trade without tariff barriers is more realistic and in the long run beneficial for everybody" (24). In this respect, the unrealized failure of Roosevelt's New Deal and a passing reference to Soviet Union are the two cases of "socialism" that the author utilizes to give strength to his point (4–7).

The elucidation, though very commonly heard, is not much of an empirical proof. At best, it is an enthymeme, i.e. a rhetorical proof. To make it stick more convincingly, it would require itself many empirical proofs for adequate scientific substantiation. Yet here emerges a severe and commonly bypassed epistemological issue. How can anyone prove a thesis as comprehensive as the one presented in Rhonheimer's essay? The superiority of any economic system "in the long run" is not easy to be determined in a scientific way, for we have only one planet, one humankind and one very short historical span at our disposal for any empirical verification and/or falsification of both the "market mechanism" (or "capitalism") and "socialism". If we look at what history has produced until now, we may be in a better position to determine which system has been the most ruthless, hence the one that has imposed itself over the others. However, that is a rather degrading notion of superiority, not to consider the very thin or quite absent link that such a superiority may have to prosperity (cf. Cornelius Castoriadis, "The 'Rationality of Capitalism," *Figures of the Thinkable*, available on http://www.not-bored.org/FTPK.pdf, 1997). Besides, if we understand prosperity as "*consumption*, that is, the satisfaction of the needs of *all* the persons living in a determinate territory" (Rhonheimer, 19), we quite simply lack information about most human communities in most parts of the world throughout most of human history. History may well teach many different things, yet also that we do not know enough to pass judgment scientifically.

As the history of today's world is concerned i.e. the so-called "global market," which is claimed to be an imperfect instantiation of the "market mechanism," we know for sure the following: it fails regularly to satisfy the needs of *all* the persons living on the planet. And while failing these persons' needs, it also caters to artificially instilled wants of others, including the desire for carcinogenic cigarettes and life-shortening junk food. In other words, the global market fails not only to secure planet-wide consumption, but also to distinguish between, say, the need for bread of the starving paupers and the desire for golden toilets of oil tycoons. After all, what sets in motion the "market mechanism" is money-backed demand, i.e. preferences or wants of market agents endowed with pecuniary means, not the genuine needs of humans or other living beings, whose possession of pecuniary means may be nil. Revealingly, most economists and, above all, the actual economy treat both bread and golden toilets as marketable "goods." No axiological compass is present for basic distinctions between that which is of real value and that which is not, or that which is good and that which is bad. Neither any nor all economic "goods" are good. Some are bad. Financial speculation over the price of staples such as rice and wheat may be deemed "rational" and a form of "wealth creation," but it increases malnutrition and illnesses. The invisible hand seems to possess an invisible brain; which is why ordoliberals have long recognized the importance of regular State intervention. Moreover, the global market is making the goal of such a universal consumption unlikely for future generations too, since the very "life support systems" upon which humankind relies have been critically damaged by the ordinary processes of extraction, transportation, transformation, consumption and disposal of the global market (cf. UNESCO, *Encyclopedia of Life Support Systems*, Paris & Oxford: Eolss, 2002–12). As Bacon's dream of mastery over nature got conjoined with the pursuit of endless growth, we may end up dead by our own making (cf. Hans Jonas, *The Imperative of Responsibility*, Chicago: University of Chicago Press, 1984).

If an imperfect instantiation of the "market mechanism" can be so pernicious as to threaten the very survival of our species, why should we place so much faith in it? Rather than relying upon an invisible hand, it could be preferable to rely upon a visible body, namely the body of knowledge accumulated by centuries of scientific investigation, and thereby address the systemic causes of worldwide environmental depletion, including the market activities leading to it. Is it a threat to individual freedom to let people's representatives see to the well-being of the population by collecting and spending public money to this end? Many concerned liberals in Victorian England thought it so and opposed, unsuccessfully, the construction of an expensive new system of sewers in London: shall we follow their lead today, or rather the engineer and reformer Joseph Bazalgette's? (cf. Stephen Halliday, *The Great Stink of London*, Stroud: The History Press, 2001).

As for such a line of action being "utopian", Smith claimed the same thing of the reintroduction of free trade within Great Britain (*Op. cit.* ¶ IV.ii.43). Utopias or Oceanas notwithstanding, this reintroduction took place. Similar considerations apply to a number of past "dreams," such as the abolition of slavery, universal schooling, democratic forms of government, gender equality, or human beings flying in the air or into space. Not to mention synthetic biology and the groundbreaking *Mycoplasma mycoides* JCVI-syn1.0 (cf. Sinclair T. Wang, "The Convergence of Nanotechnology, Biotechnology and Information Technology," in *Death and Anti-Death*, Vol. 9, edited by C. Tandy, Palo Alto: Ria University Press, 281–328; 306). Adhering to one option only in economic matters suggests a certain lack of imagination, which Plato, Thomas More and Gene Roddenberry would probably find perplexing. Errors are an ever-present feature of human agency, but if creativity and pluralism are valued in the sphere of entrepreneurial action, why should they be negative in the one of economic systems?

In addition to this lack of imagination, by which Rhonheimer's position does seem to be affected, there is the issue concerning what should count as truly "market" and "socialist" economies. Where should we draw the line of demarcation? Which specific difference can be said to apply? These two terms are almost omnipresent in both recent political history and scholarship, yet their actual separation is far from obvious. Indeed, from a conservative perspective, liberals and socialists were hardly distinguishable from each other, as the 19th-century political critiques by Pope Pius X or F. Nietzsche exemplify. Furthermore, before their time, most societies in human history had not been market societies. They may have contained some markets (e.g. slave trade in the ancient Mediterranean), but most of their members did not participate in them (cf. Francesco Boldizzoni, *The Poverty of Clio*, Princeton, NJ: Princeton University Press, 2011). As far as we can ascertain, subsistence and reciprocity were their main features, as reflected also in their culture, which kept the analogues of today's economic rationality as limited secondary instruments to other primary social goals (e.g. Aristotle's and the early-medieval understanding of the economy discussed by Das Neves in the book hereby reviewed).

It should be noted that great achievements were possible in these societies, whether in the arts, philosophy, mathematics, law, engineering or religious life. Such human accomplishments seem to have little to do with "free markets" or the size of a country's GDP. Even the great scientific discoveries that led to the technologies upon which 20th-century human populations boomed worldwide, in both self-proclaimed "capitalist" and "socialist" economies, were made in countries with risible GDPs and limited "free markets" (cf. John Kenneth Galbraith, *Op. cit.*). Moreover, modern societies, in which commercial and financial markets have become much more extensive and influential, retained – sometimes up to the present day – significant elements of subsistence and reciprocity (e.g. small-scale farms in Scotland, Poland and India), as well as many development-spurring elements of public ownership and public planning (e.g. Venice's publicly owned merchant and military fleets; George C. Marshall's post-WWII ERP; Germany's, Brazil's, North Dakota's and China's public banks).

It should be noted also that Rhonheimer himself claims that genuine free markets existed worldwide only for a brief period of time, i.e. "between 1850 and 1870," and that self-proclaimed "free market" post-WWII USA resembles post-WWI Germany in maintaining the State-centred structures inherited from their war economies, which still allow the State, for example, to bail out bankrupt private firms (21). In short, the issue of identifying genuinely "free-market" and "socialist" economies is not an easy one. Not even post-war USA may count as a decent token of the former type of economy, according to Rhonheimer, who compares them to the historical champion of cartel-friendly organized capitalism, i.e. Germany. A firm, trenchant scientific evaluation of the historical experience of concrete societies seems therefore less and less likely, at least if we take Rhonheimer's considerations seriously.

Additionally, Rhonheimer introduces a number of qualifications that cause the "market mechanism" to come across as more inefficient than initially stated in the thesis. Albeit a necessary one, this mechanism is clearly not a sufficient condition for prosperity or consumption. It is said in fact that it "frequently" leads to prosperity, i.e. not always (10). It is incapable of providing many "public goods" (14). It is prone to "failures" (13). If the State does not intervene, it generates "cartels" (15). Indeed it possesses "a tendency to destroy itself" (15), given also that it causes major social "problems" such as "inequality" (25). What is more, the "market mechanism" is argued to be an empirical impossibility, for the human being is incapable of operating according to it (15). In brief, not only there is no clear empirical evidence that markets are the one and only way to prosperity, but there cannot be any, for they have never been truly present – but what then of 1850–1870? (21) – since they are not suited to "the human condition" (15). Perfect markets as such, in whatever Hyperuranus they may be located, are therefore not to be blamed for crises, unemployment or whatever other misfortune may befall upon us. People are. The former are not around. The latter are. However, if this is the case, then one is left to wonder whether there is any point in pursuing a market economy, for we are bound realistically to miss it, or mess with it, anyway.

If (a) the genuine "market mechanism" cannot be established, for it is inconsistent with "the human condition"; and if (b) the actual historical experience of what is commonly referred to as "capitalism", i.e. the history of mostly Western developed countries over the past three centuries, is one of considerably imperfect applications involving significant elements of State intervention and ownership (e.g. post-bellic Germany and USA), why is the market *necessarily* responsible for wealth and, to some extent, well-being, whereas significant State intervention and ownership are not? Why not the two of them together, on a par? Or why not either of them, depending on the specific circumstances of each particular case, duly investigated by means of close historical, economic, medical, sociological, anthropological, environmental and axiological analyses?

By his own account and qualifications, Rhonheimer has no real answer to these questions. Quite simply, he states his thesis and uses it to read history so as to be allowed to state it. In other words, Rhonheimer is assuming *a priori* that the "market mechanism" produces necessarily wealth and, to some extent, well-being. By means of that assumption he then proceeds to read human history as its verification – State-led development, recurrent crises and social tragedies notwithstanding. This is a profound methodological flaw not just in Rhonheimer's essay, but in much economic thinking. In fact, it does begin with Adam Smith's *Wealth of Nations* and reaches its highest peak in *laissez-faire* economics, which argues that the "market mechanism" is the necessary *and* sufficient condition for human prosperity, i.e. a total theory of society. In all of its forms, it is an example of scientific unfalsifiability, or pseudo-science, for such an assumption, whereby "free markets" are bound to generate prosperity, admits of no counterevidence. Let me explain how this unfalsifiability is the case.

In the first place, insofar as it is assumed that unhindered markets bring about prosperity, if we do not have prosperity now, then we must simply wait and abstain from causing undue hindrance. As Christians and Marxists have long known, eschatology calls for patience; hence the recurrent phrases commonly attached to so-called “market reforms:” “in the long run,” “future generations,” “long-term benefits,” etc.

Secondly, if waiting is not a credible option, then we can always blame the government (e.g. “corruption,” “red tape”) or some dishonest private actors (e.g. “crony capitalism,” “State capture” by special interests) for being unfaithful to the actual spirit of “free markets” and therefore causing hindrance. Markets fail not, people do; although one can legitimately wonder what markets may be if not people transacting with one another within a certain legal setting (e.g. Buttiglione, 125).

Furthermore, insofar as Smith and ordoliberals *à la* Rhonheimer argue as well for the desirability of some State intervention (e.g. Smith’s progressive taxation, Presbyterian-style education of the youth, public regulation of banks and mentally destructive working conditions; Eucken’s redressing of socially detrimental unfavourable market outcomes), they corner public authorities in a hopeless argumentative position. Given their starting point, growth and prosperity can always be seen as the result of the markets’ enduring degree of freedom – i.e. not of the State’s intervention – while crisis and misery can always be blamed onto the State – i.e. not onto the markets being actually unable to generate growth and prosperity. Operating under such an assumption, markets can never be wrong, whatever environmental or social ills may have arisen. Thus, if the markets do not deliver the promised bounty, the cure can only be more of the same. Unsurprisingly, this is exactly what happens in Rhonheimer’s essay: “markets,” he says, are “*normally* and *as a matter of principle* the solution” (12).

Let me conclude by stating that I have not singled out Rhonheimer’s essay as particularly fallacious, despite the self-contradictory confusion that results from insisting upon the dogma of the markets’ necessary beneficence whilst also piling up observations and qualifications that point precisely to the opposite conclusion. If anything, his essay is one of the most erudite and most articulate in the whole book, which does benefit from having it as its opening contribution: an “air” of grave competence transpires from the first chapter, in accordance with Aristotle’s well-tested rhetorical teachings on ethos as a means of persuasion. Rather, Rhonheimer’s essay is built upon an unfalsifiable hypothesis that has been at the very heart of mainstream economic thinking as well as of policy-making for a very long time. Interestingly, this hypothesis is analogous to what used to be claimed of Marxist theory by many 20th-century communist zealots when confronted with the failures of Eastern Europe’s “real socialism:” the theory is correct, but its practice fails because of various and varying human flaws. As the case of the "market mechanism" is concerned, the unfalsifiable hypothesis at issue obfuscates from the start the ability of those who operate under it to:

(a) read historical experience in ways that may render more complex or even contradict the original assumption (e.g. Earth-wide ecologic collapse, recurrent crises, continuing unemployment, the wasteful failure of most enterprises and products launched every year, successful development by public planning of industrial production or strategic public subsidies);

(b) avoid engaging in pseudo-scientific *ad hoc* explanations, or *de facto* exculpations, so as not to revise the original assumption (e.g. people fail markets and not *vice versa*; the State's pro-market legislation, liberalizations and privatizations are to blame, for they were erroneous, corrupt or insufficient; State institutions are to blame for financial crashes, because of some minor change in the laws that unleashed an otherwise impossible flood of private greed; Mexican, Korean, Russian, Icelandic..., *X* culture or human nature itself is not suited for the actual application of the "free market" and therefore leads to its historical failure);

(c) envision different, hybrid, pragmatic, contingent or case-specific solutions to economic problems (e.g. mixed economies; voluntary communes, cooperatives and social enterprises; State ownership of crucial assets *qua* cost-abating fourth factor of production; Georgist taxation of economic rent from natural resources);

(d) conceive of possible major alternatives, whether based on past experiences (e.g. monastic communities, the Israeli kibbutzim) or untested and novel ones: human freedom entails creativity and change that cannot be predicted in advance (cf. Cornelius Castoriadis, *The Imaginary Institution of Society*, Cambridge, MA: MIT Press, 1998).

That God alone is perfect and that we ought to pursue our individual life in His image is pious. That the "market mechanism" be perfect and that we ought to pursue our social life in its image is not. Indeed, as the Vice President of Goldman Sachs International Lord Brian Griffiths of Fforestfach says with regard to the financialization of the world's economy, it may actually be "blasphemous" (143).

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