

Anthony Comegna ([00:22](#)):

Folks, we have an exciting double feature today for an exciting and very enjoyable new book. It's Chapman University philosopher John Thrasher, and political philosopher at the University of Melbourne, Dan Halliday. We'll be talking about their new book, *The Ethics of Capitalism: an Introduction*, only just recently published by Oxford University Press. It's a fantastic little volume complete with discussion questions and topic clustered further readings, just perfect for undergraduate courses in economics, ethics, and even related courses like economic history or business ethics and, I'm sure, many, many more. It's Thrasher and Halliday on Another Week of Ideas and Progress.

All right. So, to start us off here, I thought that first of all, this was a very fun book to read. It's designed for sort of an undergraduate seminar class to introduce students both to capitalism and, to a somewhat lesser extent, ethics. It's really about the ethics involved in capitalism as an economic system more so than it is like a traditional ethics book. So it seems like the hope is that you can assign one chapter a week to students, probably supplemented with other readings, and gradually work your way through the book like that. I'm wondering if one or both of you could tell us a bit about just how the project came together? And I'm also curious about the writing process of coauthoring a book like this, especially given that one of you lives in California and the other is in Australia.

Dan Halliday ([01:58](#)):

Yeah. Well maybe I'll start. The origins of the book really go back to the teaching that I was doing at Melbourne University. So we both teach in philosophy departments and we're tasked with coming up with new courses on political philosophy and whatnot. And the University of Melbourne I was in this position and there's a lot of talk on campus about capitalism and socialism, and it's fairly evident that students are interested in this stuff, but there wasn't really a class on political economy or capitalism or anything of that nature. So I just put a class together and I began just by using primary sources, so material by Adam Smith, John Stuart Mill, a bunch of contemporary material. But that material is kind of heavy going for undergraduates. And I started writing these longer and longer handouts. And then it just occurred to me that, well, look, these are starting to textbook chapters. So, I didn't really want to go this alone, but I thought there was really room for a textbook on this. And spoke to John, and John was into the idea and it sort of went from there.

John Thrasher ([03:14](#)):

Yeah. So at the time I was teaching at Monash University, which is in Australia as well, in Melbourne Australia. And so we were close by when we started writing the book, but then at some point, I don't remember exactly what process we were in in the book, I did move to California. One of the things we talk about in the book is how technology and, to a certain extent, capitalism, have made writing this book relatively easy despite the differences in space and time, sometimes, that we faced. That wouldn't have been possible probably 20, maybe even 15 years ago, really.

Anthony Comegna ([03:53](#)):

Well, I love that part of the background to this book is something I always say as advice, especially to graduate students, never waste any of your work, always use it for something productive and try to use it for something else. Get as much out of it as you possibly can. So I like that.

John Thrasher ([04:10](#)):

I should say something, too, about the book and we say this a little bit in the introduction, but it's certainly a book meant for teaching. It's produced in order to talk to students, 18, 19 year olds, where they are basically, or other people who maybe are coming at it from the same kind of level of knowledge of political economy, economics, economic history, that kind of thing, and ethics. But it's not just that. We mentioned this, it's kind of strange for junior people like us to write a book, a textbook, a pure textbook and in a sense it is for classes, but it's not a pure textbook in that sense because we are kind of making an argument of sorts in the book. We're trying to open up a space for conversation that we don't really think is really happening as much as we would like in philosophy departments or in PPE type programs about capitalism and ethics, I guess.

Anthony Comegna (05:05):

Well, yeah. Let's dig into that a little bit because I was just talking with my wife the other day about this issue, that capitalism is one of these words where almost every single conversation about it, the two parties, or more, are all using different definitions. So it's like you have to perfectly define your terms upfront and agree to the shared use before you can even talk about it otherwise it's just going to be an unintelligible conversation of people talking past one another. So what are some of your preferred definitions of capitalism? What do you think is the most useful definition that we can talk about?

Dan Halliday (05:46):

Well, first of all, I'd just agree that a large part of the motivation for the book and for teaching this kind of thing is that we need to bring a bit of analytical clarity to a context where people are using the word capitalism all the time, throwing it around all the time, but not really taking the trouble to say what they mean by it, even though they rely on fairly strong claims about it, positive or negative. So I suppose John and I might disagree a little bit about this, but my sense is that people have been using the word really to refer to what they take to be the social and economic and perhaps legal status quo, at least in countries that are oriented around markets. That's a definition implicitly that people often use and the challenge for us, I think, was to say, well, is that right, or should we be defining it somewhat differently? I'll let John say more.

John Thrasher (06:45):

Yeah, and I think one thing to note, which I believe we do note in the book, is that capitalism as a term is coined by the opponents of capitalism originally and it's kind of a slur and it's kind of how it's used now. It's kind of a slur. It's implicitly assumed to be bad in most contexts, especially in philosophical contexts. And so that won't do if you're trying to be rigorous. It can't just be a kind of pejorative. But on the other hand, I think when we were thinking about how you go about defining this in a precise and useful way we were also conscious of the type of criticism that socialists often get, which is that anytime you define a socialist system and then someone points out an example of a socialist system, you might say, well, that's not what we're talking about, we're talking about this other thing. And so there's a kind of moving the goalpost type of thing that can go on with definitions like this.

So we're wary of doing that as well, or of defining it in too ideal a sense or in too mundane a sense. It needs to be something that can capture a lot of different possible societies and possible ways of doing things. But that has in the more technical way that we talk about it in a paper that we're working on on this topic, is that we want it to be extensionally adequate and intentionally adequate, which is to say we want a definition of capitalism that captures basically all the societies that people would think of as capitalist societies while at the same time having the features of the capitalist society that most people would think are characteristic of that kind of society.

So one thing it's not, which is worth mentioning, and this comes up a lot, it's not just markets. Why? Because a lot of societies have had markets for a long time and they weren't capitalistic in the sense that we think of it. More importantly, you can have markets in places that are clearly not capitalists like in prisons, for instance. And sometimes markets, in a sense, is a human thing to trade, and Smith talks about this. And so what we want to talk about is what are the institutions around markets that help markets function in that certain kind of way? We think a largely positive way or can be positive and in many contexts.

But it has to be something more than just markets. And it's not just a legal regime of exploitation like a Marxist might define it as. And so we have to kind of find what that is. And we ended up coming up with basically five parameters that we think all capitalist societies will meet to some degree or another. And these deal with property, trade, and those kinds of things that kind of define what a capitalist system looks like. And in the book we go through and list, here's the top 15 countries or something on various economic indices and say, "Do they all meet these conditions?" And we say that they do. And so that's kind of a test in some sense of whether or not this definition is a plausible one.

Dan Halliday ([09:27](#)):

Yeah. If there is a one sentence definition at the end of it all, it's probably something like: Capitalism is the institutionalization of market order by government. It's not just the presence and persistence of markets. It's a special effort to harness the power of markets so as to promote things like competition, free trade, hopefully distributive justice, and so on.

Anthony Comegna ([09:53](#)):

So just as a quick followup to that, part of your argument then is that capitalism does require the state?

John Thrasher ([10:02](#)):

Well, I would be careful about that a little bit. I think it certainly requires governance of some sort. Now in our world, that's typically going to be the state. It's possible in some future you could imagine institutions of governance that weren't necessarily states in the kind of way that we think of them. But yeah, I think that some kind of governance institutions to maintain basic rights of enforcement contract to kind of keep trade open and voluntary, those kinds of things.

Dan Halliday ([10:33](#)):

We're not the first to say this, but one of the thing we downplay in the book is this talk of free markets. Markets can just happen, but the kind of markets that are most worth having, in some ways, they do involve personal freedom, but that they're enabled and supported by important institutions. And so rather than talk about free markets it's perhaps more helpful to talk about market freedoms that are possessed by people and firms and other agents and think about what kind of institutional environment is conducive to that.

Anthony Comegna ([11:06](#)):

I also really loved the discussion that you all gave to the terms left and right and how horribly useless they can be. And this kind of leads into the next question I had for you, which is related to the triangle figure that's in here comparing feudalism, capitalism, and socialism. I really love that triangle because it shows some of the grayness of these different scales, the imperfect actual existence of these systems. And also, I'm an intellectual historian and an Americanist and I love pointing out all the ways that

American Exceptionalism is false and that feudalism has always infected life in America since its inception. And I have this hunch that feudalism is probably one of the least understood institutions or sets of ideas out there today. Could you talk to us a little bit about the triangle figure? What you take it to mean, how you use it throughout the book, and what kinds of things separate those three systems?

Dan Halliday ([12:16](#)):

Okay. Yeah. I'll start with the triangle. The triangle was really just a heuristic, it's a simplification, but it's supposed to, like you said, go beyond this sort of one dimensional talk of left wing, right wing and give the impression that rather than arrange possible views on a single spectrum, there's a more sort of two dimensional or triangular range of possibilities. And the thinking behind it was really that we want to get feudalism into the picture because we think there are some features of the economy and some injustices that are best described under feudalism, and we'll get to what that means in a minute, but the thinking behind the triangle is that it looks like, when you compare these systems, each of them has got a property that is opposed to what the other two have in common. So, capitalism and feudalism, they are very, very different from each other, but one thing they have got in common is a preponderance of private ownership of land and productive capital where socialism has got this focus on state ownership or collective ownership. And that's one way in which the triangle gets its shape. One side of the triangle is the shared property in different ways of capitalism and feudalism and in the corner opposing it is socialism. And you can say the same with the other sides and corners.

John Thrasher ([13:37](#)):

Yeah, that's right. And I think we found, I know Dan and his teaching and then when we've had other people use the triangle, it's been pretty useful as a way of making this clear. One thing I like about the triangle and this way of thinking about it spatially is something that is kind of a deeper philosophical point that I think is important and that is in the background in some sense in the book, which is that we're never standing outside of any of these systems in a privileged place, some kind of view from nowhere or something. We're always within the triangle in some sense. We're either in one of these systems and we're moving in the direction of away from it or towards another one or something like that. And so the idea that we can kind of just step back from capitalism or socialism or feudalism or whatever, and kind of start a new is very misleading. We're always coming from somewhere. And so, as you said Anthony, there are vestiges of feudal system in America, there are certainly many more perhaps in a lot of European societies, maybe less in Australia or something like that. And being aware of that is an important aspect of thinking about these systems and none of them are coming to us pure in some sense.

Anthony Comegna ([14:43](#)):

Yeah, one of those vestiges that I've done a lot of talking and writing about is the corporation itself as originally a grant of special powers and privileges directly from the king as part of his feudal body of rights. And I think that has caused a lot of complications in the history of what we want to call capitalism and its relationship to entrepreneurship and other things like that. Corporations are not exactly capitalist devices.

John Thrasher ([15:15](#)):

Well, and that comes up a lot in the book, I think. And so when we talk about the vestiges of feudalism that we're maybe more concerned about, we think about the firm or the corporation as a place where there can be a kind of internal hierarchy and internal kind of feudalism within the firm, which is of

course the nature of the firm as Coss articulates. And so it's not all bad exactly, but it's something to be aware of. And liberal thinkers like Akaic and other kinds of liberals who are maybe less market oriented have been concerned about that. And then we think it's something worth pointing out in the book.

Anthony Comegna ([15:53](#)):

So what are some of the more serious... And since this is a book on ethics and capitalism, which focuses quite a bit on justice, what do you think are some of the most serious unethical ways that feudalism still kind of haunts certain corners of the world?

Dan Halliday ([16:11](#)):

Right. Well, I think this is going to depend partly on what corner you're talking about, as John already said, and there's going to be room for disagreement about how strong the legacy of feudalism is. But I think it's fair to say that a lot of the European countries never really got over their feudal past in that market order was promoted and became more dominant, but there's still this background distribution of wealth. So for example the country that I'm originally from, Great Britain, there are still large wealth holdings that derived from many centuries ago, before the industrial revolution. So before there was really any move towards competitive high economic growth markets. And things like inherited wealth. I'm particularly concerned about inherited wealth as a justice issue. What inheritance might be doing is really perpetuating these old feudal landholdings, at least in countries like Britain. But it's really an open question whether inheritance really belongs in a capitalist system, we're not the first people to have said that. Inheritance is not market exchange, it's not clear that it's really doing anything to make society more competitive, but it is a feature of feudal societies.

John Thrasher ([17:29](#)):

Yeah. And I think one thing is that some of these concerns that you might have about feudalism, or aspects or vestiges of feudalism that it may exist in a capitalist society, I think a lot of how concerned you are about them is going to depend on a number of factors, but one of the factors I think is how optimistic you are about the capitalist system, maybe the particular one that you live in or that you're concerned with, moving away from those or finding solutions to those problems, if they are indeed problems, or solidifying those privileges or those hierarchies that might exist. And I think you might be able to describe people's... How comfortable they are with capitalism depending on how they predict that it will either undermine hierarchy or reinforce hierarchy or privilege in some sense. And I think classical liberals tend to be on the more markets and capitalism in general tends to undermine hierarchies of various sorts whereas I think those who are more skeptical of capitalism tend to be on the view that, no, they actually tend to solidify various kinds of hierarchy or create new types of hierarchy.

Anthony Comegna ([18:39](#)):

I really loved that, for example, you talk about restrictions on immigration as a sort of fundamentally feudal idea, going back to serfdom where you're legally bound to the land. And then other things like trade restrictions and regulations, those are sort of considered ancient prerogatives of the sovereign ruler.

John Thrasher ([19:01](#)):

Yeah. And I would say too, that you can go too far with this and this is a little bit beyond the scope of the book in some sense, but I think a lot of our political theory, and especially in the way that we still have it in the kind of public consciousness, is really kind of 18th century or pre 18th century political theory. I

mean it really does think in terms of what I would largely call feudal sovereign states or what Doug North and John Wallace and Barry Weingast might call the natural state. This old order, which I think in some ways capitalism tends to make more and more obsolete, and this is a conclusion that many have come to in some ways, but we haven't really wrapped our heads around it in various ways. And so, like you say, we still have these vestiges of the old order which seem natural to us, both in political theory and in economic thought, but when you kind of push on them a little bit it's really hard to see what their justification could be within a capitalist system especially a capitalist liberal democratic system.

Dan Halliday ([19:58](#)):

Really the goal is not to necessarily settle these questions but just to get students thinking in, as per the triangle, a more two dimensional space about what the possibilities are for. Students are, I think, we think, used to thinking about left wing, right wing, socialism, capitalism, as the main, exhaustive almost, of the options, but it's really not that simple.

John Thrasher ([20:21](#)):

Yeah. And I would go further and say that one of the motivations that I was interested in certainly, when we were writing the book was in a philosophy seminar where you're talking about capitalism you typically would be, let's look at maybe Robert Nozick or Milton Freeman or something and then compare it with say Jerry Cohen or someone else, just like social exclusion. And we compare these two kinds of ideals against one another, so that the ethical debate or the debate about justice is kind of either/or. But what I thought, and I think Dan thought, this occluded was this other discussion about ethical questions within a capitalist system. And if you look at the countries that we list as the exemplars of capitalism, it's all the rich countries in the world. So you would say that the developed world in some sense is all capitalists. And so having this debate about two systems that don't exist and never really have kind of this libertarian bogeyman on one hand and then the socialist ideal on the other hand is kind of misleading because there's all these other important ethical questions that are not being addressed within our society, the real existing society, which we think is largely capitalist for the most part.

Anthony Comegna ([21:31](#)):

Another thing I really enjoyed about the book was that for two classical liberal scholars, I thought you did a really great job of treating different kinds of socialism in a serious and important way. You did a really great job taking all the different ideas under the broad heading of socialism seriously and assessing their strengths and weaknesses. And so I'm wondering, what do you think are some of the stronger, better points that socialists do make against capitalism and are there any socialists arguments that pro capitalist folk should actively change their minds about?

John Thrasher ([22:13](#)):

Maybe I'll let Dan answer that first, but I do want to say something because Dan... We just recently gave a manuscript of the book to someone at UNC to teach the class, I think it was last semester, and they gave questionnaires at the end. And a lot of them asked what our particular views about politics or economics or whatever were, which I thought kind of went to the success in some sense of the book because the whole point is not to kind of indoctrinate or have, this is the right view, or something like that. We have views on things, but we're trying to present them with the best material they have to think through these issues in a coherent and intelligent way. And so in so far as they couldn't guess that we were pro or anti socialist or whatever, or capitalist, I thought that was a good part of the book in some sense. But maybe Dan will say something about socialism.

Dan Halliday ([23:02](#)):

Right, yeah. Just to echo John, socialists have got the right kind of motivation very often. They care about inequality. They care about injustice. They care about correcting poverty and curbing arbitrary power. They start, in many ways, in the same sort of place that other people are going to start, even if they come to different conclusions. But to take one particular point on which socialism might have something to offer to proponents of capitalism, I think that the point you raised earlier, Anthony, about the hierarchical firm and what the downsides are to hierarchical firms and what the solutions might look like. Well, there's the whole market socialist tradition of saying, look, the firm gets things done, we shouldn't really seek to get rid of it, but we might do something about the distinction between idle shareholders and employees. So there's the whole tradition of arguing for worker cooperatives, which I think is... Okay, some people are going to say, "That's not really a proper socialist idea. That's a kind of halfway house." But nonetheless, it's a concern about class distinctions.

You've got some people who have to work for a living, some people who can live off the dividends from the steaks they've got in the company. And what do you do about that? It's a live option, I think, within capitalism or within any kind of pro market view that you might want to do something about that kind of class distinction. There's room for disagreement, of course, but I think that's one point on which there has been a lot of good discussion, but that's still a good point of contact, I think, between what socialists care about and what pro market or classical liberals care about.

John Thrasher ([24:45](#)):

Yeah. And I think that the different socialist views have different normative conceptions involved, but I think the idea of a cooperative egalitarian community is an attractive one in many ways. And I think when socialism looks its most attractive, it tends to be in these voluntary or planned associational communities, relatively small ones, so either utopian societies or kibbutzim or even just families where those ideals really play out or can play out in some ways. It's really when you try to extend it that it becomes very difficult to do and maybe impossible. But I think that that ideal is attractive. And I think actually the best versions of capitalism will embrace something like that ideal as well. And I think one of the things, the vestige of feudalism, that is worrying in some ways is that there's all this potential out there. People who are not able to reach their own potential because of messed up educational opportunities in their community, or because of poverty that they should be able to get out of, or there might be resources available for them, or because of frictions in the labor market or in trade or immigration or something that doesn't allow them to reach their potential. Everyone should see that as a huge human loss. And I think there's something about that that is attractive as well.

Anthony Comegna ([26:10](#)):

Well, maybe you all can close us out here by just giving me your comments and reflections on what was my favorite single line from the whole book. On page 221 you say, "We should think of the most important resource that we have as human intelligence and ingenuity."

John Thrasher ([26:28](#)):

Yeah. It's related to what I was just saying in some sense. So I think that comes in the context of we're talking about environmental resources, and them changing over time, but you can think of it in a much broader sense and to some extent what the mercantilist were getting wrong and what feudalism gets wrong is that they think that the resources are in some sense zero sum. So everything needs to be closed off and organized in such a way to benefit a certain class of people. And socialists, I think,

oftentimes make a similar mistake. They think that, all we have to do is just allocate things in the right kind of way, resources, and then we can have more free time or equality or whatever it is.

And I think the real insight of capitalism, if you take it seriously, this claim seriously, is no, the wealth of nations is in the minds and the interest and the values of the people within those nations. And if they can kind of harness their creativity and their ingenuity and then work together in various ways on a free basis, then they can do all kinds of things that are amazing. And so that's really what capitalism has to offer at its best in some sense.

Dan Halliday ([27:38](#)):

I would add to that that the defense of capitalism is about taking seriously the idea that we should give people their best shot. It's not just about freedom, it's about competition and economic justice is about ensuring not just that people are free to do things, but that systems are arranged so that they can reach their full potential. And that's about balancing the importance of freedom, property, and contracts with whatever institutional arrangement you need to keep people competing against each other so that everyone has got a fair go really.

Anthony Comegna ([28:15](#)):

All right, everyone. I certainly hope you enjoyed that as much as I did. It was great to talk with John again. It has been quite a while now. And I was very happy to get to virtually meet Dan all the way from Australia. For all the endless problems out there with the modern world, I wouldn't trade my life in the present with anyone else's in the past, mired down as it was with feudalism, hopelessly stagnant and morally hideous. We have a very long slog ahead of us if we're going to make the world a truly good place where justice sees no class, creed or color, but thanks to the magic of markets, we have more tools for achieving this goal than ever before. I may bite my tongue on that in 20 or 30 years, but I'm hopeful that the power of individuals is swiftly on the rise and one by one will accomplish something like the ethical vision Thrasher and Halliday have laid out for us here. In any case, let's all do our best to keep the progress coming.