

SECOND EDITION



WHY NOT CAPITALISM?

JASON BRENNAN

Praise for the First Edition:

“Are you interested in capitalism as a path to your personal utopia? This stirring moral defense of a free society is the place to start.”

—Tyler Cowen, George Mason University, USA

“In forceful strokes, Jason Brennan attacks the work of the late G. A. Cohen’s defense of socialism and neatly shows why and how it is not the best of all systems even in the best of all possible worlds, let alone the highly imperfect world in which we live. His combination of accessible prose with technical precision is a model of good writing on political theory that should enable this book to reach the wider audience it deserves.”

—Richard Epstein, New York University, USA

“Gone is the false triumphalism of the 1990s. The question of how to organize society, and the ideological conflict between market systems and socialist systems, is live. Brennan offers in this brief volume a fully realized and compelling answer to Jerry Cohen’s rightly celebrated book *Why Not Socialism?* Many of the responses to socialist advocacy dismiss command economies as impractical or impossible. But Brennan grants Cohen his premises, and carries out the argument in a way that faithfully mirrors the logic that Cohen tried to marshal in his defense of socialism. Brennan offers an unflinching defense of capitalism, and does it with style and humor. His writing is at once accessible to the first-time philosopher and yet persuasive to the denizens of the ivory towers. This book will be on the reading list for every class I teach.”

—Michael Munger, Duke University, USA



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Why

Not Capitalism?

Most people believe capitalism is a compromise with selfish human nature. As Adam Smith put it, “It is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their regard to their own interest.” Capitalism works better than socialism, according to this thinking, only because we are not kind and generous enough to make socialism work. If we were saints, we would be socialists.

In *Why Not Capitalism?*, Jason Brennan attacks this widely held belief, arguing that capitalism would remain the best system even if we were morally perfect. Even then, private property and free markets would be the best way to realize mutual cooperation, social justice, harmony, and prosperity. Socialists seek to capture the moral high ground by showing that ideal socialism is morally superior to realistic capitalism. But, Brennan responds, ideal capitalism is superior to ideal socialism, and so capitalism beats socialism at every level.

Clearly, engagingly, and at times provocatively written, *Why Not Capitalism?* will cause readers of all political persuasions to re-evaluate where they stand vis-à-vis economic priorities and systems—as they exist now and as they might be improved in the future.

In this expanded second edition, Brennan responds to his critics throughout the book and provides two new, final chapters. One argues against egalitarianism in a capitalist utopia because egalitarianism frequently misdiagnoses the problems (for example, the problem with poverty isn't that poor people have less but that

they don't have enough). The other new chapter shows that we don't need to be angels in an anarchic utopia, but merely decent people who are willing to adhere to four undemanding moral principles.

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Acknowledgements from the First Edition

My mentor David Schmitz once said, in conversation, “Don’t concede the moral high ground.” I’ve also heard him say that a proper defense of markets has to be in the language of morality, not just the language of economics. This book is written in that spirit.

Thanks to John Tomasi, David Schmitz, David Estlund, Corey Brettschneider, Sharon Krause, Greg Weiner, Pete Boettke, Loren Lomasky, John Hasnas, Peter Jaworski, Kevin Vallier, Michael Heumer, Bryan Caplan, Thomas Cushman, and James Otteson, with whom I’ve had many fruitful conversations about these topics over the years. Thanks twice to Tomasi for suggesting I turn the *Mickey Mouse Clubhouse* thought experiment, which I had used simply as a teaching tool, into a short book. Thanks to audiences at the University of Arizona, University of Toronto, University of New Orleans, Bowling Green State University, the American Philosophical Society, Georgetown University’s Hoyas for Liberty, and students at Brown University, Georgetown University, and Wellesley College for their valuable feedback and criticism. Thanks to Andy Beck at Routledge for his enthusiasm for the project and for his aid in seeing how the argument could go beyond mere parody.

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Jason Brennan
Washington, DC
September 2013

Notes on the Second Edition

The first edition was short and sweet. It said what it needed to say. The challenge now is to ensure the second edition adds what needs to be added without getting too long.

The most common question I received is whether utopian capitalism should be as egalitarian as utopian socialism. Chapter 5 gives my response. I think egalitarianism often misdiagnoses what the problems are and thus offers incorrect solutions. Egalitarianism is often motivated by bad or irrelevant analogies. In particular, Cohen's own original argument for egalitarianism leads to conclusions no one, including him, wants to endorse.

This is a book responding to the idea that people would be socialist if only they were angels—if only they were fully good. I argue, on the contrary, that capitalism is best even for angels. However, Chapter 6 argues that the demands of utopian anarchist capitalism turn out not to be all that demanding. It doesn't require angelic behavior; it requires that we're all minimally decent. We fall short not because aren't angels, but because many of us are downright bad.

This second edition incorporates some generally reworded and abridged excerpts from previously published work, including work responding to responses to the first edition:

- Jason Brennan, “Community and Diversity in G. A. Cohen’s Socialist Ideal,” *Analyse & Kritik* 37 (2015): 113–130.
- Jason Brennan, “Private Governance and the Three Biases of Political Philosophy,” *Review of Austrian Economics* 31 (2018): 235–243.
- Jason Brennan, “‘Get a Job and Pay Your Taxes!’: What Utopophiles Must Say to the Western Poor,” *Social Philosophy and Policy* 39 (2022): 48–67.
- Jason Brennan and Christopher Freiman, “Why Not Anarchism?,” *Politics, Philosophy, and Economics* 21 (2022): 415–436.



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Few observers are inclined to find fault with capitalism as an engine of production. Criticism usually proceeds either from moral or cultural disapproval of certain features of the capitalist system, or from the short-run vicissitudes (crises and depressions) with which long-run improvement is interspersed.

—1964 *Encyclopaedia Britannica* entry on *capitalism*



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One

CAPITALISM: NASTY THEORY, RIGHT SPECIES?

Michael Moore ends his film *Capitalism: A Love Story* with a catechism: “Capitalism is an evil, and you cannot regulate evil. You have to eliminate it and replace it with something that is good for all people, and that something is democracy.” By “democracy,” Moore means collective control of the means of production—that is, socialism. Yet, even after spending 127 minutes exposing the evils of capitalism, Moore won't just come out and say that we need to replace capitalism with socialism. Why not?

The term “socialism” appeared, but was buried deep within, the Occupy Wall Street website, despite its repeated invectives against the economic status quo and its vague call for “a new socio-political and economic alternative.”

Moore and the Occupy Wall Street organizers know that many Americans think “socialism” is a dirty word with a dirty history. Many accept a common historical account: In the twentieth century, the world experimented with two great social systems. The countries that tried different forms of capitalism—for instance, the United States, Denmark, Switzerland, Australia, Japan, Singapore, Hong Kong, and South Korea—all became rich. Consider: the US considers the poverty line for an American living alone to be about \$13,500.

A person living in the United States off this meager income, adjusting for the cost of living, is still among the richest 20% of people alive today, earning multiple times the income of the typical person worldwide.¹ In contrast, the countries that tried socialism—the Soviet Union, China, Cuba, Vietnam, Cambodia, and North Korea—were hellholes. Socialist governments murdered around 100 million (and perhaps many more) of their own citizens, making socialism about as lethal as the fourteenth-century black plague.² In socialist countries no one got rich, except maybe a few Communist Party officials. Socialism was especially bad for poor proletariat workers, the very people the system was supposed to help the most. So, sure, capitalism has problems, as Michael Moore and Occupy Wall Street can show you, with perhaps some exaggeration here and there. But socialism was a disaster. In short: we had a live-action debate between capitalism and socialism, and capitalism won.

Despite this, many people who oppose socialism and support markets find capitalism morally uninspiring. Sure, capitalism performs better than socialism. But, we worry, that is just because people are so selfish.

Capitalism rewards us for developing greater talent or working in critical jobs. It pays us for innovation and efficiency. In general, the more you do for others on the market, the better you get paid. We respond to those incentives, and so it works. Socialism asks us to work hard for the sake of others, without wanting more for ourselves than what others get. We refuse to play along, so it doesn't work. But many people worry this shows we are not altruistic or fraternal enough for socialism.

In the twentieth century, we learned that the great power wielded by socialist governments attracts sociopaths and

tyrants. Yet, again, we worry that this is just because we are so morally flawed. Socialism asks us to supply benevolent philosopher-kings, but the best we produce is a Pol Pot, Stalin, or Mao. It seems the problem is with us.

Since we are selfish, greedy, and fearful, maybe market-based economies are the best we can do. If only men were angels, though, we could dispense with capitalism and make socialism work. Utopia is socialist. Or so many people think.

Even capitalism's greatest defenders seem to agree. Adam Smith tells us, "It is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their regard to their own interest. We address ourselves, not to their humanity but to their self-love ..."³ Bernard Mandeville, in his famous poem "The Grumbling Hive," says capitalism runs on vice much like biodiesel engines run on food waste. He asks us to imagine a hive full of selfish bees, each trying to make a buck by supplying others' "lust and vanity." Yet while, "every Part" of this capitalist system is "full of Vice," the "whole Mass [is] a Paradise."⁴ Even "the very Poor Lived better than the Rich before."⁵ Later in the poem, Mandeville imagines that the bees become virtuous, unselfish, and motivated to pursue spiritual endeavors. But then, without greed, the economy falls apart. Finally, there's Ayn Rand, "Goddess of the Market,"⁶ who defends capitalism by arguing that selfishness is a virtue and altruism is evil.⁷

Socialism seems to answer to a higher moral calling. Perhaps the best evidence of this is that socialists today defend their view in *moral* terms, while capitalists defend their view in *economic* terms.⁸ The defenders of capitalism focus on capitalism's results. The defenders of socialism focus on their own good intentions. Socialists ask us to imagine how good the world could be, if only we were better.

The problem with socialism thus seems to be that it demands too much of us—it asks us to love our neighbors as ourselves, to share, and to never take advantage of power. Socialism seems like a noble idea—and we’re not *good enough* for it. Socialism says, “All for one and one for all.” But we’re more comfortable with, “Every man for himself.” And so, sociobiologist Edward Wilson jokes of socialism: “Wonderful theory, wrong species.”⁹

SO, WHY NOT SOCIALISM?

You, the reader, are probably not a socialist. (Most people who call themselves socialist aren’t really; they instead defend a form of capitalism with regulatory welfare states.) But you probably accept the view just described, the view that markets are a kind of moral compromise, the view that if we could harness the best within us, we would dispense with capitalism. If you are a typical person, you probably agree that socialism would be best if only human beings were much nicer than they in fact are.

The best spokesperson of this widely shared view is the philosopher G. A. (“Jerry”) Cohen. Cohen was the leading Marxist philosopher—and one of the leading political philosophers, period—of the past century. Capitalism has had countless critics, but Cohen is perhaps its best *moral* critic. *Why Not Capitalism?* is in a way a debate with Cohen. I want to show he, and everyone else who agrees with him, is mistaken. I debate Cohen in order to undermine the widespread belief that socialism is morally superior to capitalism. To defend capitalism means overcoming objections like his.

Shortly after his death in 2009, Cohen published a short book called *Why Not Socialism?* It argues that only socialism can