

Wealth, Welfare and the Global Free Market
A Social Audit of Capitalist Economics

by Ibrahim Ozer Ertuna

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reviewed by Theodore P. Lianos*

The subtitle of this book, “A Social Audit of Capitalist Economics”, gives a good idea of what it contains. The last paragraph of the text on p. 223, is also a good but different summary “The world will have to create an alternative or alternatives to capitalism. Today, as yet, there is no ready recipe we can use. The solution will emerge through the wide and increased participation of people enabled by the advances in technology. Creating solutions in line with the aspiration of humankind requires increased awareness. This is what we have tried to accomplish in this book”.

The first ten chapters of the book present textbook material of economic theory from a critical point of view. However, it is not always clear whether the criticism is against economic theory or against capitalism as an economic system. For example, on p. 41, he says “Capitalism does not take into consideration these ethical and moral values and rules in making its assumptions and reaching its conclusions”. Chapter 11 examines what the author calls the new economic design which is the “neoliberal economy” or “gelatinized economy” or the “free market democracy”. The last chapter is a critique of the new economic design and the undesirable results that it has brought to the world.

The book is well written and in some cases convincing. I also share the feelings of the author regarding his dissatisfaction with the ugly faces of capitalism. Everyone with common sense would recognize that capitalism is far from perfect, and would agree with the author of this book that we should always be searching for a better system.

However, the book has weaknesses, some methodological and some substantive. In reading this book, the reader has the impression that the author makes the error of personifying capitalism, in other words, that capitalism is a humanoid entity that thinks, make decisions and acts accordingly. This conception of capitalism leads the

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author to statements that could easily be put in the mouths of activists. For example, “The new economic design was established under the name of globalization, in the framework of the capitalist market economy and in two phases. In the first phase, through an efficient propaganda machine, both developed and developing countries were persuaded of the virtues of capitalist market economies. In this stage, the capitalist market economy was converted into a creed. In the second phase, the capitalist market economy was reshaped to serve the interests of the developed rich countries”.

The truth of these statements is not obvious. Theoretical analysis and empirical evidence are required before one can accept them as valid. Also, they are incomplete. For example, who is operating the propaganda machine and for what purpose? Who is persuaded and why? If globalization has reshaped the capitalist market economy to serve the interests of the developed rich countries, has this happened without benefits for the undeveloped poor countries? Has China, for example, become poorer because of globalization? And if so, why have poor countries agreed to become part of the new economic design? Or were they forced to participate? These and other questions need to be answered before the author’s critique can be accepted on a scientific level.

On a more important level, the author of this book reverses the causality between social arrangements and ideas. On p. 221 he writes “Social systems are the products of people’s faith, beliefs and values” I believe the opposite to be true. It is the real conditions under which people live, namely, the existing economic reality that shapes beliefs and values, ideology in general.

Finally, the author seems to feel free to make general statements of a questionable nature. For instance, the first paragraph of this book reads “...economics, which is one of the fields of science, is fast losing its scientific nature”.

Despite, my disagreements with many statements in this book, I believe it is well written and readers will benefit from reading it.