



Review of *Is Capitalism Obsolete? A Journey through Alternative Economic Systems* by Giacomo Corneo. 2017. (Translated from German by Daniel Steuer.) Cambridge, MA: Harvard University Press. 312 pages, ISBN 978-0-6744-9528-9 Cloth (\$29.90)

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Is Capitalism Obsolete? The answer is: No, though... Giacomo Corneo, professor of social policy and public finance at the Free University of Berlin, self-consciously chose for his book a genre as venerable as Platonic dialogues. The tenor of this book may sound perhaps even older than that. In ancient Egypt and Mesopotamia, the pupils at scribal schools for many centuries had been copying the canonical “teachings” (like that of *Dua-Kheti*, a classical Egyptian text) that described various professions in order to make them realize that, compared to the lives of copper-smiths, peasants, or soldiers in frontier garrisons, the arduous learning required to become a palace scribe was still the best of available options. Reflecting our contemporary sensibilities, the learned and very patient father in Giacomo Corneo’s dialogues similarly addresses his critically-minded daughter, who condemns capitalism on the usual grounds of social inequality, alienation, consumerism, political corruption, imperialist wars, and environmental damage. But let us see, asks the father, how realistic are the proposed alternatives?

The style of exposition is remarkably clear and methodical, although readers lacking a certain Germanic gene for neatly arranging abstract ideas could find it somewhat difficult to digest. Moreover, Giacomo Corneo makes few concessions to those who, like many undergraduate



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students, are not fully conversant in the language of neoclassical economics and game theory, or might require additional information regarding the Jesuit state in Paraguay, such historical personalities as Charles Fourier and Petr Kropotkin, or the once much-discussed experiments with self-management in Tito's Yugoslavia and the "goulash market socialism" in Hungary under János Kádár. Still others might find objectionable the simplistic definition of capitalism as markets with private property and the exceedingly (or deliberately?) narrow selection of empirical illustrations, drawn solely from the Federal Republic of Germany, a wealthier and historically most peculiarly tame example among the core capitalist states.

Nonetheless, this book seems to me eminently worth the effort. In fact, I wish it were available in Russian already forty years ago when, in the Soviet Union, we were debating the ways of overcoming economic stagnation and the bureaucratic senility of Brezhnev's regime. In an impressively erudite historical succession, Giacomo Corneo begins with Plato's fantastic proposal for the specially-bred aristocratic caste of "guardians" wisely directing the earliest capitalist society built on ranks without democracy. (Evidently Giacomo Corneo follows Max Weber's periodization of capitalism rather than the Marxian historical formations.) Next, he subjects to thorough consideration the economic arrangements on the island of Utopia, as described by the Renaissance thinker-politician Thomas More in the early sixteenth century. Those arrangements could look downright bizarre when it comes to slavery in a purportedly communist society that could not find a better alternative for the dirtier tasks, like cleaning the communal mess halls and slaughtering animals. Despite being a contemporary of Leonardo da Vinci, Thomas More evidently did not consider technology a solution. Closer to modernity, we encounter the French *encyclopédistes* and the irrepressible Thomas Paine with their republican ideas of natural rights, then the various solidaristic and anarchist projects for the communities of free producers blossoming in the nineteenth century. Refreshingly, Giacomo Corneo approaches these old ideas not as antiquarian, but rather as a serious social engineer detailing how these various projects could have possibly functioned and malfunctioned.

Likely the most engaging and important are the chapters dealing with the twentieth-century socialist projects of planned economy. Instead of retrospectively dismissing all such attempts simply as proven failures, here Giacomo Corneo assumes the more productive position of "dutiful doubter," to use one of Lenin's more respectful expressions for intellectual opponents. The main focus is on the variously suggested correctives to bureaucratic despotism and inertia seen in "really-existing socialism." Could it be salvaged by the timely introduction of democratic decentralization and innovative mathematical methods, inventively combining planning with market accountability, or paying more attention to consumer demand? Giacomo Corneo carefully walks us through the arguments pro and contra, marking point by point theoretical contradictions

and complications, the likely costs and practical obstacles. An even greater care and expert objectivity is accorded to the current twenty-first century projects such as shareholder socialism or universal basic income. Most of the arguments would look familiar to those interested in the theoretical economics of socialism, but here they are conveniently gathered in one book.

In the end, what alternatives could progressive political forces pursue? The answer may sound familiar if not quaint: a pluralist market economy with an effective and generous welfare state. Crucial areas of activity to address include more transparent and direct democracy, higher quality of public spending, and the international coordination of tax policies (248). Feeling that his daughter remains unconvinced, the father finally proposes as compromise a few practical steps towards a putative hybrid economy combining markets and private property with a buy-out nationalization (limited to, say, 51%) and subsequently the collective management of capital. (255). Details are then specified in the book's more technical Appendix. The daughter is reconciled to her father and they both leave to share a drink of ... well, coffee.

Why do I suggest taking this book seriously? After all, the barely sketched and in general astonishingly placid view of politics it presents itself borders on naïve utopia. Yet this could be a good starting point for debating the realities of contemporary capitalism, its own insufficiencies and limitations. By dutifully surveying the historical lineage of economic utopias intended to supersede capitalism, Giacomo Corneo produced a useful intellectual challenge. Let us hope it will be accepted.