

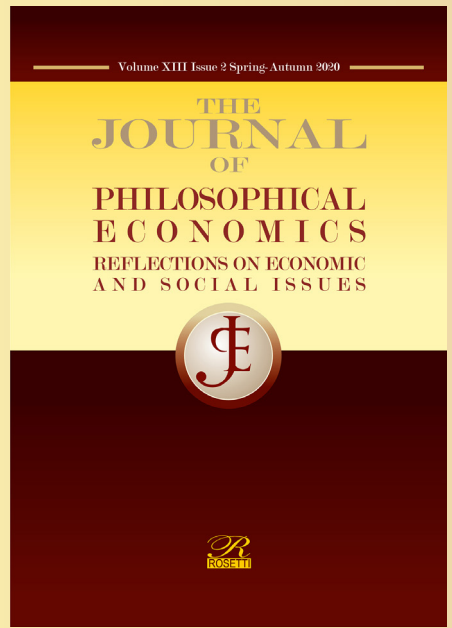
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Review of Dumas, Lloyd J., *Building the Good Society. The Power and Limits of Markets, Democracy and Freedom in an Increasingly Polarized World*, Emerald Publishing, 2020, xiv + 228 pp., hb, ISBN 978-1-83867-632-2

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Review of Dumas, Lloyd J., *Building the Good Society. The Power and Limits of Markets, Democracy and Freedom in an Increasingly Polarized World*, Emerald Publishing, 2020, xiv+228 pp., hb, ISBN 978-1-83867-632-2

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A momentary synopsis of the past as well as more recent events provide countless sequences of reasons to question the ability of current social and economic framework to provide for an ideal living environment. Even though, sometimes it seems that the prominent opinion is that we must settle with present circumstances, fortunately, an increasing number of viewpoints insistently claim for finding more effective remedies and better alternatives. Cautiously avoiding utopian attitudes, *Building the Good Society* stands as sensible endeavour to find the optimal path toward a good society as achievable destination rather than idealistic place. However, this path is not straightforward nor undemanding, as the author masterfully sets the scene in which we are presently by choosing a highly meaningful sub-title: we are living in a progressively divided society that could only be restored to health by understanding the restraints and abilities of democracy, market and freedom. Although not clearly stated anywhere in the text, the resemblance with Galbraith's *The Affluent Society* is evident enough to be more than plain coincidence. Moreover, one might further notice this similarity when it comes to writing strategy: both authors master the ability to render an efficient blend of positive and normative approaches [1].

From the very onset, by means of a compelling introduction, it becomes apparent that this book is not a mere story about economy, there is more to it than that – it is a strong argument for a broader and more open minded outlook on society

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that should integrate multiple and diverse perspectives. Moreover, this book is about contemporary society as a whole, a complex and, every so often, divergent society that features a particular set of limits as well as opportunities. The main hypothesis on which the analytical structure is built upon follows the traditional institutional framework: institutions and organizations are the building bedrock of the social fabric while attitudes are subtle constituents that shape institutions. Lloyd J. Dumas not only shows an acumen for a deep understanding of social and economic issues, but, at the same time, he proves an extraordinary audacity in providing plausible and real solutions to these issues. It is quite remarkable that, while a significant series of social researchers choose to stand apart from normative debates hoping to keep intact their academic prestige, Dumas suggests that a more committed engagement from academia in providing substantial answers to tangible social challenges could facilitate the path to a good society. Against this background, *Building the Good Society* sends a pragmatic and straightforward message: there is no time to waste; we need to find relevant solutions to fix real problems.

The author refers to a reality we tend to forget: like the majority of social institutions, democracy and freedom are artificial and fragile constructs therefore, their survival and success are not to be *ex officio* assumed. Although mandatory, these institutions alone are insufficient to secure the path to a good society since, in many cases, transitory social attitudes and even democracy may well suppress freedom. Hence, the need for additional formal or even fewer formal organizations and institutions that could act as compensating forces against social perils. For instance, since economic process heavily relies on efficiency, market freedom does not necessarily imply democracy as long as, in many cases, there is a tendency for tipping the balance in favour of supply side as producers exert influence upon politics. In this case, civil society and NGOs could act as compensating force applied from consumers' side.

According to Dumas, regardless certain arguments that might challenge the traditional connection between market economy and capitalism, material well-being remains a consistent path leading to democracy. In this context, as long as the main function of economy is to provide material wellbeing, previous and current experience led to the belief that free market appears to be more efficient than central planning. In addition, the price mechanism is the process that provides superiority to free market versus alternative economic settings. However, albeit alleged pre-eminence, free market economy is far from being perfect, it is only a starting point for an enhanced structure that could better address social

aspirations exceeding personal interests and material wellbeing. While admitting the superiority of market economy over other economic systems, one should not intentionally ignore the social and economic inequities as well as asymmetric distribution of wealth and other material resources that seem to be inherent in market economy. Following an institutional approach, Dumas blames market organization for allowing the concentration of economic power in the hands of monopolies or oligopolies, which could lead to the extinction of smaller enterprises, additional pressure on consumers or even the demise of democracy. A series of distinctive features of competition and regulation provide arguments supporting the impression that truly laissez-faire capitalism does not work. For instance, according to competition paradox, free market system rewards efficiency and those rewarded by market tend to suppress competition eventually by leading out small and less competitive business. Moreover, as subprime crisis is no less than one of the last instances in an endless series of illustrations provided by real life economy, a mindless deregulated market occasionally tends to endorse (or at least not restrain) fraudulent economic behaviour. Going further, by means of economic reasoning in line with Coase's theory, the author claims that profit maximization is leading companies toward externalizing costs on others [2]. In this context, regulation stands out as a method to internalize costs or simply put, a tool for reconciling private with public interests. As a result, regulation is a device for restoring market freedom, rather than a form of intervention *per se*.

Although, at least in theory, the freedom maximizing society and legal system hypotheses might be very appealing, everyday real life clearly reveals that, when it comes to put these into practice, a consistent series of exceptions emerges. In this context, the main contribution of institutions is to harmonize theoretical hypotheses with tangible circumstances. For an efficient fulfilment of this assignment, the institutions feature a set of rules or norms assisted by social and legal penalties. Compliance with institutions is paramount in defining everyone's position and role within society and community. In reliance on attitudes, institutions and organizations emerge as perceptible constraints that guide the social conduct. In this context, how the author deals with the delicate link between constraints and freedom is impressive: there is no society without constraints, but we have to be free to choose our own constraints.

Since attitudes are the cornerstones of institutions, and institutions are shaping the social fabric, it is evident that we need to differentiate among positive, neutral, and negative attitudes according to their input on building a good society. Bad attitudes

such as militarism, racism and sexism most certainly hinder the evolution towards a good society and could be blamed for countless social problems. Individual's propensity for conflict leads to unmeasurable social damage, racism is a major cause for genocide and sexism obstructs social evolution. All these negative attitudes have a common feature – they deal with people as objects. There is a significant series of social attitudes, neutral or positive in their essence, which, under constant social pressure, could veer to negative. Materialism is not necessarily bad, however, in the absence of checks and balances, it could lead to consumerism - a deterrent on the journey to a good society. Meritocracy started as a positive attitude, yet it tends to convert as consequence of granting false legitimacy, overstating success and exaggerating failure. Dumas claims that, due to a distorted understanding of meritocracy, a leisure class emerges in society that only inherits entitlements without merits [3]. The individuals' natural tendency to obey is crucial for social order; nevertheless, it could be exploited by authoritative regimes against democracy. In this case, civil society is a compensatory power that could prevent authoritative leadership. Competition and cooperation are intrinsic attitudes that enhance material wellbeing; even so, they occasionally generate market failures.

When it comes to market failures and the limits of free markets, there is a consistent series of circumstances sensibly showcased throughout the book. For instance, opposed to the traditional view that praises consumer sovereignty, Dumas claims that, instead of addressing real consumers' needs, the economic system evolved into a mechanism of inducing artificial needs via major investments in advertising and nudging clients' behaviour. Consequently, the market is unable to respond to real social needs such as healthcare or education to which it only provides substandard solutions. Addressing money as an artificial construct or 'a lubricant but is not part of the machine itself' (p. 49), the author not only highlights the gap between financial and real economic system, he equally brings to light the potential damages caused by misunderstanding money value as economic value. For instance, since there are a series of social products or services such as justice system, social order or defence which cannot be market traded and therefore cannot be assigned money value, these items tend to be undervalued by society thus causing major social difficulties. While financial institutions constantly focus on various forms of speculation, conventional economic indicators based on money value further amplify these issues since they are no longer able to reflect the health and wellbeing of society. Moreover, even free trade could lead to worldwide issues. Emerged from natural human tendency to cooperate, enhanced by modern technology, free trade and globalization are economic institutions fostering an

interconnected world in which one action can cause global ripple effects. In this context, climate change and environmental management are global issues exceeding the boundaries of a single country and must be addressed from a common perspective while avoiding free rider enticement.

Albeit its failures, entirely discarding market system in favour of planned economy could lead to even worse outcomes. In this context, the book suggests that adjusting the distribution of income and wealth could steer society away from poverty and inequality. Since, according to the author, wealth, influence, and power are fungible, a good society should deal with the distribution of wealth to level the balance of power and influence. Current evidence reveals that inequalities in distribution of wealth are profound and a good society should rely on persuasive (soft) rather than coercive (hard) power to influence instead of decide people actions and behaviour. The best strategy for an efficient, fair, responsible, or more precisely, a good society is to set limits and incentives while maintaining a fine balance in-between. In this context, a good society could put into effect a system of limits and incentives that not only is very flexible, but also, at the same time, could be an effective tool for fine tuning social behaviour. An important economic lesson highlights that efforts are consistent with incentives; however, current economic framework repeatedly allows benefits that substantially exceed inputs. Moreover, this rush for profits and benefits too often alters social behaviour. According to the author, a good society yields at least two answers to address this issue: a social response in form of consumer boycott and an economic reaction by means of 'a truly progressive income tax' (p. 159). On the other hand, besides limits, a good society could take advantage of some forms of incentives to reconcile personal short-term interests with global social designs. Furthermore, other prominent social institutions, such as education, could support the strive for a good society. Education not only conveys knowledge, but it also teaches people how to think, and therefore it is a powerful tool in changing society through reasoning rather than emotion (as propaganda does).

To come full circle, the conclusion chapter provides the key for a better understanding of what a good society is in the eyes of Lloyd Dumas. According to the author, the path to a good society should follow six main fundamental principles: (1) forceful correction is allowed only when the rights of other are endangered and only as last resort response; (2) the rules of the game system could guarantee the fairness of competition and the enhancement of cooperation; (3) people cannot be deprived of their right as a result of one arbitrary decision;

(4) work is a meaningful social activity that far exceeds its economic substance; (5) people should be more aware that their actions have profound influence on the web of life; (6) social progress should no longer be assessed via traditional economic indicators and it should produce substantial impact on the quality of life of all individuals.

Featuring an extensive collection of economic, social, political, and cultural insights, Lloyd J. Dumas' *Building the Good Society* exceptionally succeeds in providing not only a comprehensive view of current society and its challenges, but more significantly, in moulding a realistic edifice for a future good society. Making use of powerful and well-constructed arguments *Building the Good Society* stands as evidence for an urgent need to act toward better economic and social devices. Skilfully blending positive and normative stances, Lloyd J. Dumas makes a strong point against those who claimed supremacy of one or others current social and economic structures and launches a much-needed debate on most pressing social and economic concerns. Within this framework, whomever is searching for insightful knowledge of present social and economic issues as well as consistent resolution, *Building the Good Society* is, without doubt, a prerequisite reading.

Endnotes

[1] Galbraith, J. K. (1998 [1958]), *The Affluent Society*, Boston: Houghton Mifflin Harcourt.

[2] Coase, R. H. (1960), 'The problem of social cost', in *Classic papers in natural resource economics*, London: Palgrave Macmillan, pp. 87-137.

[3] Veblen, T. (2005 [1899]), *The Theory of the Leisure Class: An economic study of institutions*. Delhi: Aakar Books.

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