

Book Review

Free Market: The History of an Idea

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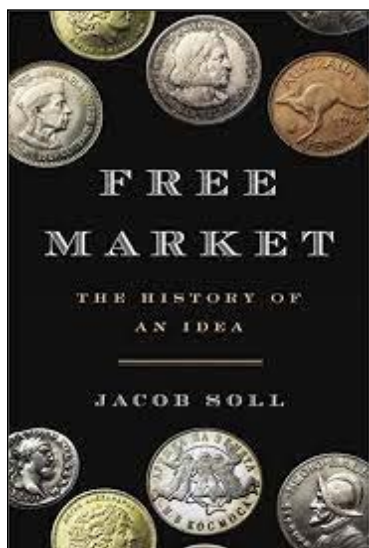
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The Doctrine of the Free Market and the State

The backlash against the liberal economics and politics is gaining strength with every passing day. The doctrine that government has no business to interfere in the functioning of the markets and shall abstain from meddling “with the people’s pursuit of happiness” is losing its appeal. Consequently, the economists and political thinkers are revisiting and reexamining the beliefs about the unfettered free market economy that is vehemently propagated, in last thirty-years, by neoliberal economist and thinkers. One of such endeavor has carried out by Jacob Soll in his book *Free Market: The History of an Idea*. The author traces the history of the idea of free-market from the times of Roman Empire to present day and raises vital questions about it, such as: is the idea of free-market economy a sacred creed, as the neo-liberalist claim, that is everlasting and has stood the test of the time? Or is it the artefact of historical circumstances and disguises itself in different beliefs and meanings in different times? Shall state guide and architect market structure or it shall leave it free?

The author begins with the history of the germination of the idea of free market economy since Roman Empire in the writings of Cicero, a Roman senator and philosopher. Cicero had pragmatic approach,

declares the author, towards economics and he claimed that economic thinking is unthinkable without taking historical, cultural and material conditions into consideration. Consequently, he not only propagated the idea that only large-scale landownership could empower the state, produce good citizens and soldiers but he also despised rising merchant class as enemies of the monarchy. However, being indifferent towards the drudgery peasants and slaves he declared that their toil is will of the heavens. For Cicero, defending aristocracy and virtuous market society, which excluded peasants and slaves, was to defend the natural order of Roman Society. Since Cicero’s times the economic and political thinkers have again and again revisited, reexamined and reapplied his ideas to envision and create better and prosperous societies.

When Roman Empire embraced Christianity in 4th century, the basely self-interest crystalized into desire for individual salvation and the quest for profits was replaced with the quest for spiritual rewards. The Christian thinking became so dominant that poverty and self-denial materialism were termed as real currency that only could be accepted in the heavenly markets, while trade and wealth became ignoble occupations. However, the invasion of German barbarians left Roman Empire in ruins; and Roman Empire ran out of money to build new cities and defend themselves. Subsequently, Saint Augustine felt compelled to make

adjustments in the Christian thinking and to reconcile the pursuit for heavenly riches along with earthly riches; thus, he sanctioned a holy economic model for Christianity. Now, it was not only that eye of the needle that was stretched to make way for wealthy-virtuous Christians to enter into the Kingdom of Heaven but the status of needle eye was risen to the status of the gates of the Kingdom of Heaven. The author maintains that the Church and theologians were in perpetual strive to invent and reorganize new beliefs and justifications for emerging social and economic realities in the course of their quest to survive and remain relevant in the design of emergent socio-economic orders.

The book also raises question on the common notion that philosophical ideas are prime movers of the change in the societies thinking and beliefs. Rather it suggested that the ground realities and situations force the thinking and philosophy of the day to adjust itself to the new realities. In other words, the apparatus of beliefs and philosophies are created to defend and protect the emergent world order. In 13th century, the emergence of merchant class and merchant constitution independent of landlords and Church created a new civic ethos to emphasis the importance of merchant class that was so far unable to find unequivocal support in Christian doctrine. Subsequently, the merchant class not only achieved status of noble profession but France developed an absolute approach to building markets to compete with Britain and Dutch. However, accumulation of riches free of civic virtues and duty to state was still suspect.

The 17th century European wars brought fundamental change in the European thinking with the publication of the poem *The Feeble of Bees* by Bernard Mandeville; and the axiom “love thy neighbor” was dethroned and “self-love” became new mantra of human welfare and prosperity. Paradoxically, thinkers asserted that greed as a powerful force will push humans to be honest while exchanging products of their own interest. While church was declared as parasite that sucks wealth; the Newtonian theory of mechanics and the idea that individual could through free choice create efficiency became new spirits to rekindle the European economy. Though, the thinkers had firm belief in self-regulating

market mechanism, but they still didn't rule out the role of the state.

The author asserts that advent of powerful merchant class and absolutist governments were threatening the laissez-faire agrarian economies in 18th century; and tussle between England and France over global supremacy over trade and commerce had pushed Europe in unceasing wars. Thus philosophers and thinkers yearned to achieve the ideal of free trade by mixing Cicero's faith in farming and peace with concepts of perpetual motion and wealth creation. Adam Smith declared that only a moral agrarian society with a strong government elite could create and maintain free market and only free trade between nations could bring peace among them. However, Smith also believed that merchants and corporations are opportunistic, enemies of the society who bring down the wages to squeeze last drop of blood from the working class. Therefore, he feared that government controlled by merchants would create monopolies and undermine the market and coined that term “mercantile” for such arrangement that stands for “government run and for the benefits of merchants.”

In 20th century a radical change took place in economic thinking. The orthodox free market economist believed that pure individual desire and agency were catalyst for all societal and economic good. Moreover, this belief was not now an academic one but become an article of faith and any deviation from it became an act of treachery. The economists of 20th century borrowed their assertions, believes the author, from the fragments of Smith's work to solidify their own belief in unfettered market economy. They not only overlooked the failures of free market and refused any debate but they passionately advocated that government shall not interfere in the functioning and regulation of the market in the name of Smith's invisible hand. However, the author declares that their teachings are contrary to that of Smith's; while these economist fear dangers of government interference in economy, Smith was worried about role of the businessmen in the government; while neoliberal economist glorify trade, commerce, and innovation as source of wealth

creation, Smith called the merchants parasites and enemies of the society.

Though the application of mathematical models in economics has led many economists to proclaim economics as pure science like physics the laws of which have universal applicability but the author have strong reservation with such kind of presumption.

He declares that *The Wealth of Nations* was not a manifesto but a hypothesis of belief in self-regulating markets that has not stood the test of the time. Thus, free market thought needs to be more adaptable and flexible than it has been since the World War II if we are to see the way clear of the daunting obstacles that humanity now faces.