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REVIEW ESSAY

On the limits of markets

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Abstract

This is a review essay of *Markets without Limits* by Jason Brennan and Peter M. Jaworski and of *The Invisible Hand?* by Bas van Bavel. From different perspectives, both books focus on the moral or practical limits to markets in modern society. While both works make major contributions, there are theoretical flaws. Brennan and Jarworski powerfully countered some criticisms of commodification. But they downplayed the possibility that the transition from gift to contract or market exchange may raise moral issues that are additional to those intrinsic to the goods or services being traded. Van Bavel investigated cycles of growth, inequality and decline in several market economies over the last 1,500 years. But his argument is built on a confusion between finance and capital goods. Nevertheless, much that is positive remains in both books after their flaws are corrected.

Keywords: Limits of markets; commodification; morality; inequality; capital; finance

1. Introduction

For centuries, there has been a public debate about the role and limits of markets.[1] This article reviews *Markets without Limits* by Brennan and Jaworski (2016) and *The Invisible Hand?* by van Bavel (2016).

The first book combines insights from economics and ethics to criticize 'moral limits to markets' arguments, particularly those developed by Anderson, (1993), Radin (1996), Satz (2010) and Sandel (2012).[2] These critics of commodification have argued that some particular kinds of commercial exchange may be immoral – such as prostitution and the sale of human organs. Brennan and Jaworski put a very different view.

Van Bavel's book, by contrast, is a major work of economic history. Using historical case studies, it argues that the growth of factor markets in land, labour and capital has led to repeated cycles of growth, destabilization and economic decline. It is not a book about morality, but it is a strong moral tale, particularly about markets.

Brennan and Jaworski are not in favour of markets for everything, but they argue that some of the ethical objections to markets are misconceived. Van Bavel is not a market abolitionist, but he argues that factor markets when dominant create severe problems of socio-economic instability and potential decline.

Both volumes are enormously stimulating and deserve to be widely read. But I argue below that there are significant flaws in both their lines of argument. Yet in both cases, important aspects can

[1]The author is very grateful to Frank Decker, David Gindis, Richard Langlois, Sheilagh Ogilvie and Bas van Bavel for very helpful and stimulating remarks on an earlier version of this paper.

[2]Besley (2013: 479) noted that Sandel's book 'fails to offer anything like a conceptual scheme for analysing when markets have undesirable properties'. An overview by Wempe and Frooman (2018) found more analytical criteria in Satz (2010) than in Sandel (2012).

be salvaged. Their authors have made a great contribution by bringing these issues to light and by provoking further discussion and in-depth enquiry.

2. Markets without limits?

2.1 The argument

Everyone interested in the 'moral limits to markets' debate should read *Markets without Limits*, by Brennan and Jaworski. Much of their critique of anti-commodification arguments is forceful. I examine here some instances where they are persuasive and some where they go wrong.

Brennan and Jaworski's (2016: 10–11) central claim is simple but powerful: 'If you may do it for free, then you may do it for money'. In other words, if it is morally permissible to have something, then it is morally permissible to sell it. To identify commodification as the problem, the critics need to show that it is morally permissible to own something but not to trade it for money (Brennan and Jaworski, 2016: 220). Generally, the critics of commodification fail to do this.

But the title of Brennan and Jaworski's book is misleading, because they repeatedly make it clear that they are against the possession and sale of several things, including child pornography and nuclear weapons. So, there are some moral limits, after all. Brennan and Jaworski sometimes use provocation to alert or amuse the reader.

Provocation aside, this is an important argument. The aim of their book is to show that the arguments of 'anti-commodification theorists' are misplaced. 'Where they see the market as having a fundamental amoral ethos or as tending to corrupt us', Brennan and Jaworski (2016: 8) 'see it as moral and morally ameliorative'. They gave the example of human kidneys, noting that some anti-commodification theorists object to their sale. Yet, they argued, a market for human kidneys would help to encourage supply and alleviate the chronic shortage of kidneys available for transplants. If markets can help to save lives, how can they be immoral?

Brennan and Jaworski (2016: 4) described a market loosely as 'a relationship where the mode of interaction is consensual exchange'. This overlooks the additional institutional features of markets. It also conflates organized markets with casual or episodic trade. But much of the dispute about the morality of markets does not hinge on the broadness or narrowness of the adopted definition of a market. Hence, for the temporary purposes of this particular critique, a broad notion of market can be shared. Exchange itself also requires definition: it involves contracted transfers of rights to goods and services, using barter or money. Confusion arises if an exchange is not distinguished from a gift.[3]

Brennan and Jaworski suggested that some repugnance against particular markets, money payments, or commerce generally, is driven by contingent cultural norms. To illustrate this, Brennan and Jaworski (2016: 65) cited the Merina people of Madagascar, who see a difference between prostitution, and the love and commitment found in marital relationships. But it is customary that the men give their wives some cash after sex. This money is esteemed as a thoughtful symbol of respect (Bloch, 1989; Carruthers and Ariovich, 2010).

Other cultures venerate money in intimate or familial settings. At New Year celebrations and at weddings, it is common for Chinese people to gift money in red packets (Hudik and Fang, 2020). Zelizer (1997) showed that the meaning of money gifts can change dramatically even in one culture through time. Cash, even in intimate and personal circumstances, is not universally regarded as sordid or disrespectful. The same may be true of markets.

In medieval times, in Christian and Islamic countries, usury was regarded as noxious. Interest payments no longer provoke that reaction, except in fundamentalist Islamic communities. As Brennan and Jaworski (2016: 210) noted, Smith (1776: vol. I, ch. 10, pt. 1, para. 25) recorded widespread repugnance against paying dancers and opera singers: 'There are some very agreeable and beautiful talents of

[3]See Hodgson (2015a, ch. 5) for a definition of exchange and on broad versus narrow definitions of a market. On the distinction between a (market) exchange and a gift, see Elder-Vass (2020).

which the possession commands a certain sort of admiration; but of which the exercise for the sake of gain is considered, whether from reason or prejudice, as a sort of public prostitution'. This association of dancers or singers with prostitution has since disappeared. Much repugnance is historically and culturally specific.

Brennan and Jaworski (2016: 35–39, 115) wrote: 'When anti-commodification theorists argue that something or other is incompatible with markets, they ignore the fact that there are many different ways of designing a market'. Markets differ, depending on the number and nature of participants, the currency of exchange, the rules of negotiation and exchange, the motives involved and much else. They then argued that 'many of the objections to money and markets raised by anti-commodification theorists can be conceived of as complaints about particular markets, rather than about markets as such'.

Brennan and Jaworski rightly emphasized the extensive plasticity of market institutions. But they wrongly concluded that markets and money have 'no essential meaning' (Brennan and Jaworski, 2016: 50, 62, 83, 112). This misconceived anti-essentialism is a needless diversion. Variety or plasticity within a kind does not imply that the kind does not exist. Triangles are highly varied and can change. That does not mean that there is no essence to a triangle. It is a plane figure with three straight sides and three angles.[4]

The variation of market rules over a number of dimensions makes a huge number of institutional options and settings possible. This 'adjustable settings' argument is powerful, despite their misguided anti-essentialism. It boils down to this: if the giving of a good or service for free can be moral, then we might be able to twiddle the dials in market parameter hyperspace, so that all ethical objections to selling the same good or service are avoided. First consider some examples of the use of adjustable settings. We ask later whether this recourse is *always* possible.

For instance, in response to Anderson's (1990: 76) objection to child surrogacy markets, on the grounds that the mother may become attached to the child and change her mind, Brennan and Jaworski (2016: 36–37) noted the possibility of adding a 'change of mind' clause to the contract. The claim here is that any alleged immoral outcomes of a market exchange can be avoided by changing the 'settings'. The market rules can be altered.

Similarly, in dealing with concerns about markets for body organs, such as kidneys, Brennan and Jaworski (2016: 8, 149–9, 206–8) noted that kidney donation is permitted under stringent conditions of supervision and care. They claimed that the same strict conditions could be applied if a market were to operate. They suggested that the market could even be morally superior, as it would respond more effectively to the chronic shortage of kidneys needed for transplants to save lives. Other authors have circumvented the problem of post-operative care by proposing the contracting of body organs by a living person, to be removed only after their death (Cohen, 1989; Hansmann, 1989). Any healthy person can thus gain some income, without any risk to their health. Lives are saved and others can be better off. Some of the moral objections to the selling of human organs can be surgically removed.

But elsewhere, Brennan and Jaworski are on weaker ground. Their claim that if it is moral to give something, then it is moral to sell it, depends on the assumption that the transition from gift to contractual exchange does not create moral wrongness where there was none before. This is contestable.

A brilliant PhD student gets an article accepted in a prestigious academic journal. As a mark of gratitude and respect, she asks her PhD supervisor if he is willing to be named as a co-author of the paper. This gift is a recognition of the inspiration and guidance received from the supervisor, without which she could not have written this article. Nothing much seems wrong with that. But now

[4]In arguing that markets and money have 'no essential meaning', Brennan and Jaworski cited cultural relativists. But cultural relativism is not good fare for moral philosophers – it leads to amoralism (Nussbaum, 1992; Zechenter, 1997; Hodgson, 2018: ch. 8). If meanings are 'entirely contingent', then how can we use concepts like markets and money at all, if their meaning can change *entirely* when circumstances change? There would be nothing in common between the Agora (market) in ancient Athens and the modern financial market in Wall Street. But although different, they have some common characteristics, such as property, buying, selling and contracts. For defences of the philosophical notion of an essence, see Nussbaum (1992), O'Neill (1998: 112–28) and Hodgson (2015a: 26–31; 2019a).

consider if the student had proposed a deal: ‘give me a thousand dollars and I’ll put you down as co-author’. The moral scales tip dramatically. It is no longer a gift. It is authorship and scientific reputation, bought and sold. It is science depraved by money. The termination of the gift relationship is crucial. Here immorality begins when the gift ends.

The point is that the gift-to-purchase transition reduces the moral options in contractual hyperspace. There could be *moral transaction costs*. We might call them *transaction evils*. Under any label, they restrict moral possibilities. The transition from gift to contract may reduce moral options.

Here we may usefully introduce Lancaster’s (1966) theory of consumer demand. He proposed that what drives exchange is not the goods themselves but the characteristics they contain. As the above examples illustrate, the shift from gift to payment may change the nature of some of the actual or perceived characteristics. When the PhD student asked her tutor for payment for naming him as a co-author, the characteristics of the outcome changed from that of a gift.

Brennan and Jaworski (2016: 11–12) admitted that money payments, such as for contracted murder, ‘might *amplify* the wrongness, under certain conditions’ of a transaction. But if such payments can create a degree of additional wrongness, then why cannot they sometimes create wrongness where there was none before? In some cases, contracts could create immorality.

For a utilitarian devoted to the Pareto principle, it would be immoral to lower the utility of someone else. Calabresi and Melamed (1989: 1,111–15) pointed out that there could be externalities to a transaction where someone else is unhappy about (say) prostitution or the sale of a kidney. Consistent with utilitarianism, Calabresi and Melamed treated these ‘moralisms’ as psychic costs. Other moral frameworks rely more on virtue or duty rather than on subjective feelings. But either way, as the PhD student example above illustrates, it is clear that the shift from gift to contract may bring moral challenges.

Furthermore, as Sandel (2012: 113) argued: ‘markets are not mere mechanisms; they embody certain values’. The institutional economist Clark (1957: 53) made a similar point: ‘the mechanism of the market, which dominates the values that purport to be economic, is not a mere mechanism for neutral recording of people’s preferences, but a social institution with biases of its own’. Markets may thus introduce additional moral issues.

Brennan and Jaworski themselves admitted that in prominent cases, a change in transaction types can have effects, including changes in the interpretation of the nature of the agreement. They consider the famous case of a day-care centre in Haifa in Israel. Some parents were late picking up their children at the end of the day. In the expectation that it would reduce the problem, a fine was imposed for this tardiness. The opposite happened. Lateness increased dramatically. The parents treated the fine as a (cheap) payment for extra childcare. The fine diminished moral sentiments of duty towards the daycare institution (Gneezy and Rustichini, 2000a). Brennan and Jaworski (2016: 79) responded: ‘The addition of financial penalties for late pick-ups may have been interpreted by the parents as signalling that the daycare centers intended to switch to an arms-length relationship’. This change is not itself without moral significance. Brennan and Jaworski admitted that the nature of the relationship matters.

A similar admission appears in another example. Brennan and Jaworski (2016: 79) wrote: ‘If we suddenly start offering our partners money to clean the house, they might both be angry, because introducing money would signal a violation of our previous understanding of the kind of relationships we have’. These particular changes have important effects. Once we admit these, then either we have to accept that the transition from gift to cash payment could possibly close down morally acceptable options, or we have to show that this is not the case. Brennan and Jaworski failed on those counts.

The ‘moral limits of markets’ debate has been imperfectly framed on both sides. Reflecting the commonplace disdain for markets in some political circles, leading critics of commodification saw markets as the primary problem. As Brennan and Jaworski demonstrated, these critics downgrade the issue of ownership. Markets require property. Owning child pornography is immoral. The ethical problem is there before it is sold. But we cannot jump to the conclusion that all markets are morally neutral. Markets themselves may bring additional ethical problems.

2.2 Can't buy me love

Some things cannot be bought, because they are corroded or annulled by contractual exchange. Sex can be purchased, but true love cannot. There is not much about love in Brennan and Jaworski's book. Yet it is an enduring theme in literature and ethics, that attempts to buy love can destroy the object of purchase. As the Beatles sang: 'Can't buy me love'.

Shakespeare understood this well. King Lear asked his three daughters in turn how much they loved their father. He declared that he would divide and apportion his kingdom according to the measures of their affection. The first two daughters professed profusely that their father was dearer to them than even life and liberty, and more than any words could express. They each were granted a third of his dominion. The king then turned to Cordelia, his youngest daughter, for whom he had a special affection. Cordelia knew that true love could not be purchased, and that the declarations of affection by her sisters were suspect and unworthy. She declared her love in more modest terms, not wishing to appear mercenary or insincere. Lear, frustrated and angered by Cordelia's reticence, refused to grant her any land. Lear's failure to understand that true love was not an object of purchase, and his consequent rejection of Cordelia in favour of her manipulative sisters, turned out to be his own dramatic undoing.

When he was very rich and famous, and long after he had composed the line, Paul McCartney remarked that after all, love could be bought (Miles, 1997: 162). Sure enough, wealth and fame can bring copious attention and affection. But any declaration of love from another is made more suspect by those circumstances, and it must be severely tested to be seen as true.

Other things too are degraded by purchase. Imagine, having gotten in the habit of selling dedications and buying endorsements (as they do for their book[5]), Brennan and Jaworski offered the Economics Nobel Prize Committee two million dollars if they were given the next Nobel Prize. The committee would make a profit and finance the following year's award. But, in terms of esteem, the prize would be of much less worth. Buying prizes undermines their purpose and their value.

Similar arguments apply to trust and honour. As Arrow (1974: 23) argued, trust is 'an important lubricant of a social system' but 'this is not a commodity which can be bought very easily. If you have to buy it, you already have some doubts about what you've bought'.

There is another way in which love, trust and honour do not fit into the standard economics framework. Robbins (1932) elevated scarcity as a central principle of mainstream economics but he was imprecise about its meaning. Economists persist in trying to force everything into the vaguely defined framework of 'scarcity'. Robertson (1956: 154) asked: 'what does the economist economize?' His answer was 'love', which he called 'that scarce resource'.

Like many others, Robertson and Robbins ignored the distinction between local and global scarcity. Clearly some material things, such as water and oil, are globally scarce, in the sense of being finite and limited. But love, trust and honour are not scarce in this sense. Their provision may create still more of the resource: trust engenders trust, love creates love etc. This is not an argument to abandon the notion of scarcity. It is an argument to be more precise about its possible meanings.

Local scarcity arises because of the time and resources required to make use of a resource. Even if something is readily available – such as water in a tap – it takes time, energy, cognitive activity and a drinking vessel to organize its consumption. Love, trust and honour may not be globally limited, but we all know from personal experience that they can often be in local short supply. Global scarcity does not apply to everything, but it remains important because of the finite resources on our planet. In contrast, local scarcity is a universal feature of the human condition: it is part of our daily struggle to cope and survive.

Given the right conditions, positive things like love, trust and honour can multiply without apparent limit. They are unlike many other commodities. They are immaterial, and can be non-rivalrous in their production. We need to investigate the possibility that contractual exchange and markets can impair their replication.

[5]See Brennan and Jaworski (2016: x–xi, 226–7).

2.3 Vote selling and the confusion of entitlements with assets

Declaring that 'the ethics of vote selling just is the ethics of voting', Brennan and Jaworski (2016: 183–4) argued that if a vote is ethical then the selling of that vote is also moral. They continued: 'Vote selling cannot *transform* otherwise morally acceptable actions into wrongful actions. If it's morally permissible for you to vote a certain way for free, then it's permissible to vote that way for payment'. According to their *Principle of Ethical Voting:* 'People who choose to vote must vote for candidates or policies they justifiably expect to best promote justice; otherwise, they must abstain'. They concluded that it is permissible to buy and sell such ethical votes.

This argument would not allow for the selling of any vote, but morally permissible votes only. An ethical vote is one that is 'justifiably' expected to promote justice. But they gave us a little guide to what justice means, or what kind of confirmation is entailed. There are different claims concerning what is just. Some people think that justice is promoted by capital punishment. Others deem all killing as immoral. Socialists believe that justice is promoted by the common ownership of the means of production. Others see that as the road to ruin; and so on. Not all these positions are 'justifiable'. And who decides? And how? In practice, it would be difficult or impossible to adjudicate over compliance to the *Principle of Ethical Voting.*

Consider the logical options. If it were claimed that the principle can be easily implemented, and the policies that promote justice or injustice can be readily identified, then the candidates who promote unjust policies can be targeted, and perhaps disallowed from seeking office. If unjust policies are obvious, then why go to all the unethical trouble of allowing people to vote for them? If, on the other hand, the nature of justice is complex or elusive, then it is difficult to apply in practice the *Principle of Ethical Voting.*

Another problem is the implicit theoretical treatment of representative democracy in Brennan and Jaworski's argument. Elsewhere Brennan (2017) lamented the repeated failure of democracies to elect competent politicians or endorse viable policies. Instead, Brennan proposed an *epistocracy* – the rule of the knowledgeable. Whatever the rights or wrongs of this particular argument, it entails a rather narrow conception of what representative democracy is about.[6]

The focus of Brennan and Jaworski's voting argument is on outcomes. But institutional processes are important too. Democracy helps to *legitimate* government. It replaces other narratives to justify governmental power, such as inherited privilege, the Divine right to rule, leadership in battle, family connections, technocratic expertise, paternalism, military prowess or insurrectionary success. Democracy treats voters as moral agents. This in turn sustains its claims of legitimacy. With all its imperfections, democracy claims a mandate from the people. We, at least in name, become the ultimate authority. We, at least in name, are invested with some rights and moral agency, and thereby become important in the justification of power.

The selling of votes undermines claims of a legitimate popular mandate. Vote-selling would confer authority through the capacity to buy. The power of the rich would be given further legitimacy. Votes are not like other assets. They are component parts of larger institutions, with functions and relations that go beyond individuals, and may help to sustain political structures. They are entitlements to participate in a process that invokes a popular mandate to establish the legitimacy of government. Selling a vote undermines this process of legitimation.

Entitlements to vote are part of a set of rules in a political system. Generally, selling a vote violates those rules. Selling transforms the vote into something else: as soon as it is sold, it is no longer a legitimate vote. Its characteristics change radically. The vote-seller could be regarded as automatically losing the right to vote, which is contingent on compliance with the political rules.

I disagree most with Brennan and Jaworski on the issue of democracy, but there is no space here to expand further. It would take us away from markets and I would have to review Brennan's *Against*

[6]As with his title *Against Democracy*, Brennan likes to provoke. But note this statement: 'I'm a critic of democracy, but I'm also a fan … democracy is positively correlated with a number of important outcomes, and this appears not to be mere correlation but causation. … Right now, the best places to live in the world are generally quite democratic' (Brennan, 2017: ix).

Democracy as well. The analytical problem in *Markets without Limits* is the assumption that any transition from gift to commodity exchange does not create new moral problems. But the great merit of this book is that it forces us to think carefully about the moral limits to property and markets. There are still moral limits, but the reasoning for them has to be considerably refined in the light of their book.

3. Morality, markets and inequality

This section reflects briefly on the 'moral limits of markets' debate after Brennan and Jaworski's intervention. Brennan and Jaworski (2016: 170–7) raised the issue of economic inequality. Going further, we should ask whether, in some cases, objections against commodification stem more from excessive inequalities of power, gender or wealth, rather than from markets as such.

Consider an example. Some universities, notably in the US, lower entry standards for the sons or daughters of alumni. These are called 'legacy admissions'. Sandel (2010: 182) raised the even more controversial matter of 'developmental admissions' to universities, where 'applicants who are not children of alumni but who have wealthy parents able to make a sizable financial contribution to the school. Many universities admit such students even if their grades and test scores are not as high as would otherwise be required'. Admission committees may be swayed by the prospect of huge donations to the university. Or there may be an explicit agreement, which the university may prefer to keep quiet, hence without a signed legal contract.

Both legacy and developmental admissions may be challenged on the grounds that they breach the principle that admission to universities should be on the basis of merit, and not on the history or wealth of the parents. The relaxation of admission standards for those reasons is a corruption of those academic values that the university should hold in highest regard.

Developmental admissions are subject to the further objection that they privilege the wealthy. This elite is able to gain advantages for its children, which in turn help to sustain inequality through further generations. Even if there is no explicit contract, money is used to obtain an outcome. This too undermines academic merit as a foremost value, and it violates the university ethos. In sum, these ethical objections concern the corruption of merit-based academic values and the perpetuation of inequality.

But the source of the corruption is not necessarily money or contract. Developmental admissions are tempting for the university because they typically involve huge sums of money. If there were less economic inequality, then the amounts of money would be less, these admissions would be reduced, or they could even disappear. A root problem lies in the hugely unequal distributions of income or wealth.

It is a matter of ethics too: the principle of admission according to merit is undermined. This also applies to legacy admissions, where no cash payment is involved. By awarding a university place on criteria other than merit, the university changes the nature of university admission for everyone. Universities advertise themselves as promoters of academic merit. If university places are awarded on other grounds, then their global value is undermined.

Some other arguments also relate to inequality. For example, based on the Kantian principle of respect for persons, Radin (1996) developed criteria to adjudicate over whether particular trades were immoral. She argued that some assets help to constitute the individual and provide a sense of identity and self-respect. Among these are 'internal' assets relating to the body and sexual capacities. On these grounds, she found ethical objections to activities such as prostitution and the selling of kidneys.

These claims were contested. Roth (2007) noted that some cultures and legal systems respect the sale of a kidney if it serves the greater good of the preservation of the life of another. Radin (1996: 131–6) objected to prostitution partly because it prevented human flourishing by detaching sex from intimacy. 'But so does casual sex' – as Satz (2010: 142) rightly responded. Some legislatures, including several states in the US, still ban fornication. But fornication can occur without trade. The influence of religion is a more likely explanation for the ban.

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Satz (2010: 149) developed a different moral case against prostitution, arguing that 'the sale of women's sexual labor may have adverse consequences for achieving a significant form of equality between men and women'. This may be true. But it could be argued that miniskirts have the same effect, by establishing different gender norms concerning visual exposures of flesh. Are miniskirts immoral? And if individuals and genders were much more equal in terms of wealth and power, then this moral objection to prostitution (or miniskirts) would no longer carry force. Here immorality may lie more in the matter of gender inequality than in the instruments of its perpetuation.

Satz went further than others in developing criteria to ascertain whether particular markets are 'noxious' or not. She identified four basic parameters. First, markets suffer from *vulnerability* if 'some people are so poor or so desperate that they accept any terms of exchange that are offered'. Sandel (2012: 112) made a similar point: 'Market choices are not free choices if some are desperately poor or lack the ability to bargain on fair terms'. The constraints on choice are much greater for the poor and powerless. Second, for Satz (2010: 90), markets have *weak agency* if 'some parties have poor information about the goods they are exchanging, or … depend on others' decisions'. The third and fourth parameters focus on consequences, namely '*particularly harmful outcomes for individuals*', and finally, '*extremely harmful outcomes … for society*' particularly those that 'undermine the framework needed for a society of equals'. In other words, there are strong negative externalities.

Note that inequality or poverty is central to all four of Satz's parameters. Vulnerably results from poverty and the lack of alternatives on offer. Weak agency largely results from inequalities in the distribution of information or knowledge. With the third and fourth parameters, the issue of inequality is explicit. This raises the question as to whether particular markets seem morally 'noxious' principally because they operate in a highly unequal society or they perpetuate inequality. As Durkheim (1984: 319) argued in 1893, inequality grants greater power to one side of a contract over another: 'there can be no rich and poor by birth without there being unjust contracts'.[7] In turn, we may ask how much the problem should be tackled by reducing inequality and how much by banning ownership or sales of particular goods or services.

In a society that is economically unequal, contracts and cash payments mean that when agents enter the world of cash transactions, they do not do so on a level playing field. The inequalities may thus be perpetuated. Another possible problem may be that, under specific conditions, the operation of markets may itself exacerbate inequality, but there is no space to go into this complex issue here.[8]

The most impressive claims in this area, which are backed by extensive empirical evidence, concern how cash payments crowd out moral issues like duty and justice. The focus on consequences rather than processes, and the tendency to describe every mode of allocation as a market, both smother the distinction between a trade and a gift, and their differences in motivation and operation. It is vital to reinstate these differences.[9]

In the 'moral limits to markets' debate, criteria to decide whether a particular sale is unethical remain unresolved. And for those goods or services that are morally unsuitable for commodification, what alternative method of allocation should be used? Or should they not be owned or allocated at all? It seems that much of the concern about 'noxious markets' arises not from the nature of the allocation but from the way in which large inequalities of wealth or power can have adverse effects. People may be rightly worried about excessive commodification. But we should also be concerned about inequality.

[7] Translation corrected, by (third word from the end) replacing 'their' by 'there'.

[8] Hodgson (2015a: 357–9) argued that there is no obvious reason why *competitive* markets could generate more inequality, unless – like the game of Monopoly – small random effects with strong positive feedbacks lead to widening inequality. The model of growing inequality in markets by Boghosian (2019) depends on positive feedbacks building on random effects.

[9] On crowding out see Frey (1992, 1994, 1997), Frey et al. (1996), Frey and Oberholzer-Gee (1997), Gneezy and Rustichini (2000a, 2000b), Ostrom (2000), Frey and Jegen (2001), Vollan (2008) and Bowles (2016).

4. Markets in history

4.1 The argument

Bas van Bavel's *Invisible Hand* (2016) is a grand and ambitious book, combining decades of empirical research with the creation of a grand theory concerning the rise and decline of prosperous nations and regions over the last 1,500 years.[10] It puts emphasis on the interaction of economic, social and political institutions. Following Mokyr (1990: 151–6, 167–83) and others, van Bavel (2016: 23) saw institutional change as often the enabler of technological change. Over several centuries in each case, van Bavel pointed to cyclical patterns of increasing freedom, increasing prosperity, market enlargement, increasing inequality, institutional sclerosis and eventual decline; very long waves indeed.

Like Brennan and Jaworski (2016), van Bavel (2016: 5) rightly insisted that 'there not a single, universal type of market but many types of markets, depending on their institutional make-up'. But, unlike Brennan and Jaworski, van Bavel made a fundamental distinction between factor markets ('land, labour, capital') and output markets (for produced commodities). He proclaimed no general hostility to markets as such, but he saw the dominance of 'factor markets' as central in eventually promoting inequality and decline.

While van Bavel's analysis is rich and instructive, it rests on some conceptual confusions. There is no recognition that while capital *goods* are factors of production, finance is not. This confusion diverts attention from the important issue of whether or not it is possible to use land or other assets as collateral to finance loans. Van Bavel's central distinction between factor markets and product markets is also problematic, because factors such as land, labour and capital goods are also outputs. We return to these points later.

His principal case studies are Iraq (Mesopotamia) from 500 to 1100 AD, Central-North Italy from 1000 to 1500, The Low Countries (1100–1800), and (more tentatively) England, the United States and Western Europe from 1500 to 2000. Each of these cases is backed by rich and fascinating research. Van Bavel relied on recent research where some of Maddison's (2001, 2003) seminal estimates of levels of GDP and growth have been revised upwards, particularly for earlier periods.

In the Iraq case, van Bavel examined the growth of markets in labour (including slaves) and in land (through leasing or purchasing). He does not identify markets for capital goods. Financial markets were 'the last of these factor markets to develop … The ninth and tenth centuries were … a period of booming financial markets and new financial instruments. … Banks as autonomous institutions did not develop, but banking activities were widespread and operated within a market' (van Bavel, 2016: 72–75). Much of the banking activity was apparently carried out by the state. In this case study, there is mention of pawnbrokers, but not of mortgages or the use of land or other wealth as collateral for loans. Charitable foundations such as the *waqf* were used to store wealth, 'partly in order to shield it from taxation by the state' (van Bavel, 2016: 76). But rights to wealth in the *waqf* were often inalienable, and hence they could not be used as collateral to obtain loans (Kuran, 2010: 128–31). Van Bavel (2016: 94) concluded that 'factor markets … played a crucial role' in Iraq's decline. After pushing up growth in the 7th and 8th centuries, 'their dynamism led to social polarization, especially as financial markets also expanded in the ninth century'. Growing inequality in the 9th and 10th centuries fuelled rising dissent and severe economic disruption.

Van Bavel then turned to the medieval city states of north and central Italy. He showed how labour markets, financial markets and banks all developed. But again, there is no discussion of markets for capital goods, despite these being 'factor markets'. While the church and its usury laws were a restraint, 'financial markets quickly developed from the twelfth century and became ever more sophisticated' (van Bavel, 2016: 109). There is extensive discussion of growing markets for land, and land leases, but we are not told about mortgages, or of the possibility of using land as collateral to obtain credit. Instead, van Bavel (2016: 131) highlighted the growing power of the elites, based in part on

[10] I have few quibbles with his stated facts, but the English 'Levellers' are wrongly associated with 'far-reaching ideas on communal property and full democracy' (van Bavel, 2016: 213). See Hodgson (2018: 18–22) for a refutation of the myth that the Levellers promoted common ownership. They also denied votes for women and employees.

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concentrations of wealth: 'The combined use of the labour market and the financial market for hiring mercenaries and developing military power, as happened … most conspicuously in the Italian towns from the fourteenth century, allowed the urban elites to strengthen their position'. By the time of the Renaissance – the 'fruit of autumn' as van Bavel (2016: 141) put it – these parts of Italy were already in decline.

The third case study is of the Low Countries. Van Bavel (2016: 146) wrote: 'In many parts of the Low Countries the market for goods developed in the high Middle Ages, and the factor markets in the thirteenth and fourteenth centuries, so that they became dominant by the sixteenth century'. Again, within 'factor markets', he included financial markets, and there is no explicit discussion here of markets for capital goods. Markets for wage labour emerged early and increased in significance. He also noted the development of a land market, where ownership 'became more absolute and exclusive' (van Bavel, 2016: 155). And then, for the first time in the book, mortgages were considered, and their appearance in the 11th century was noted. Van Bavel (2016: 165) wrote: 'Credit and financial markets experienced a quick rise in the Low Countries, from the thirteenth century on … They were vital … in the in the emergence of land markets, since much of the land was paid for by credit' and 'credit was obtained by using land as collateral'. But these important points, linking finance and credit with the capacity to mortgage property, do not appear again in this case study. Van Bavel (2016: 176–7) observed: 'The capital market worked as a lubricant … to smooth transactions in real estate and capital goods'. Does this mean that capital goods are not capital? Furthermore, 'the emergence of a well-functioning capital market and reinforced the rise of land and labour markets'. This positive feedback led to substantial growth in a market-dominated economy. There was growing political and economic inequality. Financial and wealth accumulation among the elite further entrenched their power. In the 17th century, the financial market 'largely lost' its 'positive effect' and the economy began to stagnate as investment in productive capacity began to decline 'after the 1660s' (van Bavel, 2016: 201). Citing evidence of the decline of incomes and even height of working people, van Bavel (2016: 207) concluded: 'At the end of the Golden Age, both real wages and average stature were lower than they had been around 1300 … before the rise of factor markets'.

The final case study, of markets in England, the United States and Western Europe, 1500–2000, is explicitly more tentative, because the supposed cycle of rise and decline is not yet complete. Van Bavel noted the security of property rights in land in England from the 13th century, and the rising use of wage labour from then onwards. Markets for land also expanded, albeit at first on a small scale. Financial markets also developed, but there is little discussion of the possibility of using land as collateral, except to rightly note that mortgaging was difficult until the latter part of the 17th century. There is no discussion of important legislation that facilitated markets for debt (Commons, 1934: 390–8; Hodgson, 2015a: 161–4). By the 18th century, as van Bavel (2016: 210, 222) noted, London overtook Amsterdam as the 'world centre of finance'. After discussing the spread of this style of capitalism to other countries, van Bavel (2016: 25) claimed that the last three decades of the 20th century, with its severe rise in economic and political inequality, have led to 'the last phase of the cycle of modern development'. But we are not told what might follow. Is humanity set for barbarism or utopia? There is no answer in this book.

Overall, the cases examined are alleged to 'show a similar pattern in the interaction of society, market institutions, and economy'. Van Bavel (2016: 251) summarized the general argument:

> In this pattern, an originally positive feedback cycle – between increasing freedom, growing factor markets, and economic growth – turns into a negative one, with increasing social polarization, institutional sclerosis, markets that become increasingly skewed towards the interests of market elites, and economic growth stagnating and turning into relative or absolute decline.

He identified a process in which the accumulated wealth is translated into political leverage, which is then used to adapt the institutional organization of markets. Van Bavel (2016: 255) concluded: 'Factor markets … are a parasite using freedom rather than the harbinger or promoter of that freedom'.

In this emphasis on the deleterious effects of factor markets, there are echoes of Karl Polanyi in *The Great Transformation*. But Polanyi (1944: 69, 72, 73, 76, 201) generally wrote therein of 'labor, land, and money' not 'labour, land and capital'. The different connotations of 'money' and 'capital' are important, as I shall show later. Van Bavel cited Polanyi several times and discussed whether particular markets are 'socially embedded' or otherwise. But Polanyi used the word *embedded* only six times in the *Great Transformation* and *embeddedness* does not appear in that volume. Polanyi devotees are also typically vague about what *social* and *economic* mean in this context. Polanyi's analysis is to some degree confused and self-contradictory, and the mayhem is worsened by widespread misrepresentations of his position (Hodgson, 2017b). Citing a self-contradictory *oeuvre* for support just perpetuates the problem.[11]

Van Bavel contrasted his thesis with the optimistic views of Douglass North, Daron Acemoglu and their colleagues, who suggested that the growth of markets (under stipulated conditions) is generally correlated with economic development (Acemoglu and Robinson, 2012; North, 1981; North, *et al.*, 2009). While van Bavel acknowledged the positive role of markets, he saw the growth of 'factor markets' as eventually leading to severe crises.

His story of rising elites, power-grabbing, institutional sclerosis and eventual decline is redolent of Olson (1982). But Olson is cited once only. The similarity should have been further explored.

4.2 A (near) fatal flaw

The biggest problem with van Bavel's theoretical argument appears in the first sentence on the first page:

> Everything that is necessary for human life is made by combining the three factors of production: land, labour, and capital. Whether and how people have access to resources, to a livelihood, to food, and to wealth is thus critically determined by the way a society organizes the exchange and allocation of land, labour and capital. (van Bavel, 2016: 1)

The intended meaning of *capital* is crucial here. Does it refer to capital goods, such as tools, horses, oxen, machines, mills, factories and so forth? Or does it refer to finance and money? A footnote on the second page makes this clearer: 'when factor markets are discussed … this concerns the land market … the labour market (the hiring of labour for a specific period), and the credit market (the borrowing of capital for a specific period)' (van Bavel, 2016: 2 n.). The mention of *capital* throughout the book is generally related to money and finance, and not to capital goods. There is little discussion of capital goods or the markets for them.

This is the problem. Neither money nor finance are factors of production. Markets for them are not *factor* markets. In the physical process of production of material wealth, money does nothing. It is inert. So is finance. They grow no crops. They produce no goods. Both are indeed very useful to *purchase* means of production and other items. But they are not means of production themselves.

Furthermore, money and finance are used not simply to purchase capital goods. They are also used to hire labour and purchase land, or squandered. As Cannadine (1977, 1980) showed, from the 18th century, the growing ability of the English aristocracy to raise mortgages on their land led often to gambling and other excesses, and not to investment in production or the purchase of capital goods.

Humankind managed for hundreds of thousands of years without money. They hunted and produced using land, labour, materials, weapons and tools. They obtained all these without money or finance. Trade goes back for many millennia. But money is much more recent, emerging perhaps first (and then only as a unit of account and store of value) in Mesopotamia around 3000 BC

[11]But van Bavel did not align with Polanyi's normative stance on markets. Polanyi saw all money-driven markets as a problem: he supported the planned 'guild socialism' of his friend G. D. H. Cole, which ascribed no extensive or permanent role for markets (Dale, 2010: 20–44; Hodgson, 2019b: 61–2).

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(Davies, 1994; Graeber, 2011; Hudson and Van De Mieroop, 2002). Coinage is even later, at least in Europe or the Middle East (Peacock, 2006).

Today, for most business people and their accountants, *capital* means money or the money value of tradeable assets. The measures of *capital* appear in the firm's balance sheet in its accounts. The conceptual rot set in when Smith (1776), inspired by the success of Newtonian physics, conceived of the economy largely in terms of matter and forces. Cannan (1921: 480) noted how Smith changed the meaning of capital: 'Instead of making the capital a sum of money which is to be invested, or which has been invested in certain things, Smith makes it the things themselves'. This shift was seminal. In economics, the term *capital* acquired the different, but often mutually confused, meanings of (a) money and (b) goods used in the production process.

To avoid the confusion of capital goods with money capital, factors of production should be clarified as land, labour and capital *goods*. But *genuine factor inputs are also produced outputs.* There is a 'production of commodities by means of commodities', as Sraffa (1960) famously put it. Virgin land has to be drained, cleared, tilled or ploughed. As the Dutch know well, much land can be claimed from the sea or protected from floods. Land is an output as well as an input. Labour power is produced in households with care, food and shelter among the inputs. Capital goods are often produced by machines and raw materials. These inputs are also outputs. Once the confusion over meanings of *capital* is resolved, the false dichotomy between output markets and factor markets breaks down.

4.3 The misuse of capital

The misuse of the term *capital* by economists (and more recently by sociologists and others) has been noted by critics for more than a century. Weber (1968: vol. 1, 91) returned to the accounting meaning, seeing *capital* as the 'money value of the means of profit-making available to the enterprise at the balancing of the books'. Similarly, Sombart (1902: vol. 2, 129) saw *capital* as 'the sum of exchange value which serves as the working basis of a capitalist enterprise'. Even earlier, in 1888, Carl Menger had reached the conclusion that economists should revert to the everyday business and accounting definition of *capital* (Braun, 2015, 2020).

In a work published originally in 1894, Hobson (1926: 26) complained that economists disputed the meaning of capital, while 'ignoring the clear and fairly constant meaning the term actually possesses in the business world around them'. Veblen (1908: 162–3) noted that economists had mistakenly placed *capital* on 'physical grounds' where 'any pecuniary conception of capital is out of the question'. Calling for a return to the everyday business definition, Mitchell Innes (1914: 152) observed: 'Every banker and every commercial man knows that there is only one kind of capital, and that is money'. Fetter (1927: 156) argued that capital was a 'financial, investment ownership concept … not coextensive with wealth as physical objects, but rather with legal rights as claims to uses and incomes'. Fetter (1930: 190) argued that capital is both a monetary and a historically specific phenomenon. Schumpeter (1954: 322–3) insisted that the term *capital* should be applied to financial assets alone: 'What a mass of confused, futile, and downright silly controversies it would have saved us, if economists had had the sense to stick to those monetary and accounting meanings of the term'.

These repeated warnings have been widely ignored (Braun, 2017; Hodgson, 2014). As an important exception, Piketty (2014: 46) redefined capital 'as the sum total of nonhuman assets that can be owned and exchanged on some market'. Piketty thus jettisoned mystifying concepts such as 'social capital', because it cannot be bought, or used to raise collateral.

This confusion over the meaning of capital pervades much of economic history. We read repeatedly of 'capital', without it being clear whether it means capital goods or finance. This enduring ambiguity subverts analysis of the causes of economic growth and of the institutional preconditions of economic development. It helps to explain the reluctance of many economic historians to use the word *capitalism.* Instead, as with van Bavel, they prefer terms like 'market economy'.

The proper monetary and legal meaning of *capital* links to the legal concept of property (Hodgson, 2015a; Pistor, 2019). Yet property too is widely misunderstood. In economics, property is typically defined in terms of possession or control of an object (Alchian, 1977; Barzel, 1989). This fails to capture the multidimensional meaning of property in law (Honoré, 1961). One of these dimensions is legal alienability (or saleability). Crucially, property must be alienable for it to serve as collateral for loans – thus generating (money) capital. But this point is inadequately recognized in the 'economics of property rights' and often overlooked in debates about the role of property rights in development. Fortunately, however, a number of authors have now put the issue back on the agenda (Cole and Grossman, 2002; de Soto, 2000; Heinsohn and Steiger, 2013; Hodgson, 2015a, 2015b, 2017a; Ogilvie and Carus, 2014; Steiger, 2006, 2008).

In particular, de Soto (2000) argued that the problems with developing countries are not generally a lack of resources, as they are often abundant. Instead there is an absence of institutional arrangements that allow land and other wealth to be registered as property, and thereby to be used as collateral for financing entrepreneurial activity. He thus underlined a difference between capital goods and capital and pointed to crucial institutional preconditions of growth.[12]

By contrast, in his analysis of the Chinese economy, Lin (2012: 10, 12, 257) wrote that 'technology is the most important' factor in economic growth and saw institutions as 'passively' adjusting to technological change. He wrote of Chinese peasant farmers being short of 'bank loans' and 'capital'. His readers might conclude that the problem is primarily one of lack of tractors and other agricultural machinery. Lin omitted to mention that individual farmers cannot obtain bank loans by using land as collateral, because it is owned instead by the local collective. They are unable to obtain mortgages to finance their purchases of capital goods. The ambiguity of the c-word, here abetted by a one-sided emphasis on technology, diverts attention to the institutional problems.

Another example concerns the role of institutions in British economic development. Here too the conditions for raising finance are often underplayed, even by authors that underlined the importance of institutions (in contrast to Lin). North and Weingast (1989) argued that the security of property rights was vital. They identified the Glorious Revolution of 1688 as leading to greater safeguarding of property rights, which in turn stimulated markets and entrepreneurship. Acemoglu *et al.* (2005: 393) made a similar claim.

But as Fukuyama (2011: 418) put it: 'The significance of the Glorious Revolution is not that it marked the onset of secure property rights in England, as some have argued. Strong property rights had been established centuries earlier'.[13] A major problem was not the security of rights but their feudal nature, which greatly restricted the possibility of selling or mortgaging much land. Common land was also non-alienable. Around 1700, about one-quarter of arable land in England was held as commons, which also could not be sold or mortgaged (Bogart and Richardson, 2011: 247). These barriers to using land as collateral for finance are overlooked.

The year 1688 had no obvious direct effect on property rights (Hoppit, 2011; Ogilvie and Carus, 2014). Previous legislation in the 17th century made mortgages easier and less punitive (Allen, 1992; Mingay, 1963; Sugarman and Warrington, 1995; Van Bochove *et al.*, 2015). But the big transformation occurred during the 18th century, when more land became alienable and could be mortgaged to obtain loans (Bogart and Richardson, 2011; Hodgson, 2015a, 2017b). Enclosures steadily eroded common land. Alongside the increasing alienability of landed property, financial institutions and legislation developed to sustain mortgages and markets for debt. These were among the neglected institutional preconditions of the Industrial Revolution. They are obscured by the mistaken treatment of finance as a factor of production. Once they are separated, it is necessary to look at the specific institutional conditions that allow or disallow the use of wealth (including factors of production) to be used as collateral to finance further investment.

[12]However, Arruñada (2017: 768) pointed out that land registration will work only when there is an adequate legal system as well.

[13]See also Berman (1983, 2003).

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These issues are often further obscured by the preoccupation by economists with mathematical technique (a sin of which van Bavel is not guilty). In mainstream economics, conceptual precision is inadequate, notably with core concepts such as *property* and *capital.* In the Holy Equations, *capital* is just *K.* Keep faith and good algebra, and dwell on its meaning or measure no longer. But the lesser ranks of the priesthood, including economic historians, who get their hands dirty with real-world facts, run serious risks if they make the same conceptual mistakes.

5. Recasting the argument

Once the conceptual mess created by the ambiguity of the word *capital* is cleared up, important parts of van Bavel's argument survive. Instead of the false and confused dichotomy between 'factor markets' and 'output markets', the crucial issue in his narrative becomes the role of financial markets. In each of his case studies, the growth of financial markets plays a crucial role in the destabilization and eventual decline of the system.

As van Bavel (2016: 256) observed: 'Of the factor markets, the financial market was generally the last to grow'. In the first case studies, the rise of financial markets seems to correlate with destabilization and decline. But further investigation is required to weigh up the relative importance of financial markets in decline, alongside other possible causes.

The growth of financial markets depends upon, as well as enables, the accumulation of wealth. Land in particular is a major asset, and it is a factor of production. Labour is a factor of production too. But unless labour is enslaved, it is not owned as a component of wealth. Capital goods are factors of production and components of wealth. But money, credit and finance are not factors of production. Hence the argument should be reconstructed to focus on financial markets plus the major components of alienable wealth, not on 'factor markets' as such.

Contrary to van Bavel, true factor markets – for land, labour and capital goods – are neither intrinsically nor necessarily a primary problem. Markets for neither capital goods nor land are intrinsically deleterious, unless ownership of them becomes so concentrated that adverse economic or political outcomes emerge. The development of financial markets may add to these problems. Land markets may facilitate finance when land can be used as capital. Capital goods such as factories and machines can also be mortgaged. By using their assets as collateral, the wealthy not only have more wealth, they have the greater means to create still more wealth. But this cumulative circle of wealth creation and concentration depends on historically specific financial institutions and other circumstances. In a capitalist system, inequality of alienable wealth can beget still more inequality. The foremost problems are financial markets and concentrated alienable wealth, not factor markets.

Thus transformed, the argument is no longer one of cyclical growth and decline, lasting several centuries. It is more a story of the development of institutions that permit an inadequately regulated expansion of financial markets. Appeal could be made to the works of Keynes (1936), Minsky (1982, 1986) and others, who explained how unregulated financial markets can lead to destructive instability. This alternative theory would fit van Bavel's facts. But it would also address Keynesian or other remedies to minimize financial volatility, at least in the current era. The downfall of capitalism is not inevitable, at least for the foreseeable future.

Van Bavel put foremost emphasis on endogenous causes of decline. We can argue about this at length. At least in the case of the Italian states, exogenous shocks, such as the challenge to Mediterranean trade from Islamic expansion from the 7th century, with fragile alliances punctuated by open hostility, were additional causes of decline. Van Bavel (2016: 117–19, 136–7) noted that the Black Death in the 14th century led to an economic downturn in Italy and a consequent adjustment of power relations. He also admitted that the rise and decline of the Low Countries 'cannot solely be attributed to the endogenous processes within factor markets' but then insisted that 'exogenous factors … only played a minor role' (van Bavel, 2016: 2,013). But what about Dutch international trade? This was far from minor. One can concur that there have been an important endogenous process of change, where growing financial power has correlated in the past with increasing inequality and financial and political destabilization. But exogenous factors should not be demoted.

As well as adopting a more careful definition of capital, we need to challenge the idea that production can be understood adequately as physical factor inputs into a production function. As Marshall (1920: 138–9) briefly recognized: 'Knowledge is our most powerful engine of production … Organization aids knowledge'. Veblen (1908) gave even greater emphasis on the role of knowledge in production. Hayek (1948) and Boulding (1966) underlined the role of knowledge more generally in the economy. A neglected book by Scott (1989) argues that economic growth is predominately a cognitive, learning process in which the scope for learning is progressively extended by gross investment in capital goods.

The expansion of finance capital provides a crucial explanation, among others, for the rise of economic inequality. As Piketty (2014) pointed out, if the rate of return on (money) capital is greater than the rate of economic growth, then, other things being equal, greater economic inequality will result. There is also an important asymmetry between labour power and capital goods that can exacerbate inequality in a capitalist economy. Capital goods can be mortgaged, but labour cannot. A worker can be mortgaged only when he or she is a slave. Consequently, under capitalism, labour power and capital goods offer vastly different opportunities for collateralization, finance and wealth creation. Differential access to collateralizable property is a major generator within capitalism of further inequality (Hodgson, 2015a: ch. 15).

6. Overall conclusion: markets and inequality

The two books under review contrast greatly in their manner and direction of argument. Brennan and Jaworski challenge much prominent discourse in favour of restricted markets. I argue above that there are omissions in the arguments by Brennan and Jaworski that rehabilitate some of the arguments against commodification in particular cases.

Van Bavel's case against 'factor markets' rests on a fundamental confusion between finance and capital goods. This underpins a failure to identify unequal access to collateralizable property as a major generator of further inequality. Contrary to van Bavel, it is the potential instability of the financial system in a highly unequal society – and not 'factor markets' – that are the key problem.

Yet both books are of enormous value. Despite their differences, they prompt us to highlight crucial issues such as gender and economic inequality. On their shared theme of the role of markets in a modern economy, there is clearly much further scope for discussion and research.

Just as anti-commodification theorists do not make it sufficiently clear what the alternatives to the market may be,[14] van Bavel envisages the end of modern capitalism, without discussing what could replace it. These questions need to be addressed. If there is no clear, detailed, feasible and acceptable answer, then we should stick with reforming and regulating capitalism, rather than predicting its demise.

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[14]Besley (2013: 479) noted that Sandel's (2012) book 'does not provide any guidance on what would be an alternative to the market' where markets are deemed to be deleterious.

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