

Book Review

Paul Collier. *The Future of Capitalism: Facing the New Anxieties.* London, UK: Allen Lane. 2018. 256 pages. Price UK £ 20.00 (Hardback).

The Future of Capitalism by Paul Collier is an insightful book. In this book the author has highlighted the things that are wrong with capitalism. He has also highlighted not only the problems created by capitalism but also the problems being faced by capitalism today. The author has made a cogent case to show that deep economic rifts in the UK and the USA are “tearing apart the fabric of our societies” (p. 3). Collier has, in a nutshell, shown in the book how to save the capitalism from itself. The book is different from the books written with either the conservative or with the liberal perspective in that rather than relying on mere rhetoric, Collier has tried to present pragmatic solutions to the socioeconomic problems that are so rampant today. He has argued that in these times when there are deep political divisions, no new economic theory can work the magic. Instead he has made a case for policies that are not only pragmatic but are communitarian in nature. What is unique about the book is that ethics and moral philosophy are at the centre stage of Collier’s narrative. George Akerloff, a Nobel laureate in Economics, has termed the book as the most revolutionary work since Keynes.

There are ten chapters in the book, which are divided into four sections. The first section is titled ‘Crisis’ and there is only one chapter in this section, which is titled ‘New Anxieties’. The second section is titled ‘Restoring Ethics’. It consists of five chapters. The first chapter of the section discusses the foundations of morality. The remaining four chapters in the section talk about the ethics and discussed the ethical state, the ethical firm, the ethical family, and the ethical world. The third section is titled ‘Restoring the Inclusive Society’. There are three chapters in this section. The theme of this section is divisions in the society, including geographical, class, and global divisions. The last and final section is titled ‘Restoring Inclusive Politics’, which contains only one chapter. The focus of this section is on politics in polarised societies and how this polarisation may be eradicated.

The book is nothing if not original. A careful reading of the book shows that Collier understands that the current socioeconomic problems are not only economic but also have cultural and psychological roots. He highlights the philosophical shortcomings of the liberalist ideas, which are based on the so-called *homo economicus*, and the shortcomings of the utilitarian ideas at the same time. Collier claims that “we are living a tragedy” (p. 17) and argues that the benefits offered by capitalism that were enjoyed by the previous generations have eroded due to unequal economic growth that is achieved by financial services. The book argues that there are many gaps that need to be narrowed. The geographical divide, according to this book is “between booming metropolis and broken provincial cities” (p. 7). The inequality in educational attainment makes the

matters worse, it is argued. The challenge, according to the author, is to rebuild a shared identity that is compatible with modernity.

Collier criticises both the leftist and conservative ideologies. He argues that the leftists have put too much faith in the government and the conservatives, on the other hand, have relied too much on unbridled markets. He advocates a return to the policies that are much more pragmatic and are characterised by communitarianism in which the focus is on shared prosperity, reciprocal obligations, and enhanced trust and cooperation. Collier is critical of the end of the ethical state that, according to him, is replaced by a “paternalistic state” (p. 13), which has dampened the sense of shared identity as well as personal responsibility. He is also critical of the current nature of the firm, which has replaced the ethical firm.

Talking about the policies, Collier introduces the concept of “social maternalism”, which is a recipe of an active state. He argues that although the tax policy should encourage redistribution, but it should not come at the cost of wealth. As regards the regulation policy, he argues that regulation should be introduced to mitigate the costs of capitalism and not to kill of the innovative ideas of the entrepreneurs, which is a hallmark of the market economy. The idea of social maternalism has both ethical and policy dimensions. Based on this idea, the author suggests the creation of an ethical state and suggests policies at the government, firm, family, and foreign policy levels. Collier places a particular emphasis on the geographical divide. He argues that although the market can create industrial clusters, but it cannot create economic and social clusters.

The diagnosis presented in the book of the ailments in the present system is compelling and it is hard, if not impossible, not to agree with the author. At the same time, it is not easy to agree with everything that the author has presented as a cure because everyone might not be comfortable with the idea of communitarianism. However, the book successfully highlights the shortcomings of the political ideologies at both ends of the spectrum and anyone who is enamoured with either of these philosophies must read this book.

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