

Book Reviews

Salsman, Richard. *Where Have All the Capitalists Gone?* Great Barrington, MA: American Institute for Economic Research, 2021

Recent times have not been kind to capitalism and defenders of free markets. In the span of a mere twenty years, three successive crises—the 9/11 attacks and subsequent “war on terror,” the Great Recession, and the Coronavirus pandemic—have led to explosive growth not just in government spending and debt, but also in pervasive new regulations that have created a new security state and public health leviathan while simultaneously extending the tendrils of state control across the financial sector. This is to say nothing of the government-mandated transformation of health care and medicine in recent years. By any objective measure, the size and scope of government control in the economy is larger and more pervasive than when President Bill Clinton declared that “the era of big government is over.”

Richard Salsman’s provocative new collection *Where Have All the Capitalists Gone?* aims squarely at challenging these developments. Currently an assistant professor of political economy at Duke University’s Philosophy, Politics, and Economics Program, Salsman has a breadth of non-academic experience that places him in a unique position to offer his analysis. He worked for over two decades at major New York commercial banks and as an economic analyst in the investment banking world and has also run his own economic forecasting firm. With a doctorate in Political Economy, an MA in Economics, and a Chartered Financial Analyst certification under his belt, Salsman knows better than most where we might find the ever-elusive capitalists these days.

The book is comprised of over sixty wide-ranging essays published in various media over the past two decades. Salsman has done more than just group these into ten thematic parts, which certainly aids the interested reader. In addition to the clearly economic sections (Money and Banking, the Primacy of Production, the Fiscal State and Its Burden, and the Business Cycle), he includes the philosophical and ethical (Meaning and Morals, Justice and Inequality, and Varieties of Anti-Capitalism) and the political (Crises, Real and Exaggerated; Globalization and Its Foes; and Freedom and Governance) to make the broader case that capitalism, properly understood, has a wider ambit than merely free markets. By selecting and grouping his essays into these themes, he suggests a unique answer to the question posed by the title of his

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book. If capitalists have gone missing in current debates, Salsman contends, the failure to embrace capitalism more broadly is surely a root cause.

At the outset, Salsman boldly claims that capitalism is “sustainable because practical, practical because moral, moral because egoistic, egoistic because rational, and rational because natural—i.e., consonant with human nature. No argument for capitalism lacking these crucial elements can withstand scrutiny or win the day” (p. xiv). A true capitalist, Salsman argues, is not merely the conventional idea of someone who invests capital resources for profit (just as a socialist is not merely the manager of a social enterprise), but also is a principled advocate for an encompassing social system. Without this crucial integration of philosophy, politics, and economics, he continues, one cannot expect there to be any consistent capitalist intellectuals.

Both those who know Salsman’s previous work and perceptive new readers will quickly ascertain that he considers Ayn Rand, creator of a philosophical system of thought she calls Objectivism, to be the paragon exponent of the philosophic case for capitalism. By resting her case on the institution of individual rights as well as the morality of egoism, Salsman explains, Rand rooted her defense of capitalism in human reason and its objective requirements for a full, flourishing life. Beyond this, though, Salsman notes that Alexander Hamilton is his main influence in political thought and Jean-Baptiste Say in economics (p. xv).

Before taking up a discussion of highlights and some unique contributions of select chapters, it is worth taking a moment to note how Salsman’s methodological breadth contributes in a meaningful way to his central answer of the collection. Though deeply influenced by the Objectivist approach and arguments, I think the best description for his work would be *principled heterodoxy*—that is, a dedicated search for truth regardless of source or authority. Rand wrote approvingly of Ludwig von Mises and some of the Austrian school economists, and thus many of her followers have continued in that tradition. Salsman admirably breaks free of these constraints, embracing the thinkers and ideas that he sees best fitting the case for capitalism. In the end, the broader Objectivist framework controls the discussion, but for Salsman it is because it uniquely binds the insights of many thinkers without the need for total agreement.

Thus, in surveying the book, many doctrinaire proponents of particular schools of economic, political, or philosophical thought will find much that does not fit easily into one mold or template. In Section III on “The Primary of Production,” for example, Salsman reveals a reverence for the supply-side economists of the late 1970s and early 1980s. Describing them as the true inheritors of Say’s Law, he contends that they provide crucial insight into the use of fiscal and tax policy to generate economic productivity (e.g., pp. 145-53). Yet Salsman is clear to list both the truths *and* “untruths” of the supply-side school (see pp. 153-56 for the latter). Likewise, though he harshly criticizes

Friedrich Hayek for his embrace of welfare-state policies like antitrust and state-provided social insurance (pp. 39 and 419), he also briefly acknowledges the contributions of Austrians like Carl Menger and Eugen Bohm-Bawek (p. 7 n. 14). Salsman also leans on the insights of Public Choice theorists like James Buchanan (pp. 457-58). In the end, the variety of topics addressed in this collection stands alongside the variety of influences as testaments to Salsman's argument that true defenders of capitalism must embrace a multifaceted approach, touching not just economics, but philosophy and politics as well.

Ranging in form from brief opinion pieces to lengthier journal articles, the best parts of the collection feature exploratory and insightful arguments about how we understand the broad approach Salsman defends. In the opening selection, "The Mind-Based Etymology of Capitalism," the reader is treated to a discussion of how "capitalism" was originally a term of derision and contempt from its opponents, but being rooted in the Latin "caput" (head) contains an unintended affinity for the case that capitalism uniquely unleashes the power of human reason and thoughtful innovation. As Salsman aptly notes, capitalism "is the system that respects the mind, frees the mind, is based on the mind, and is driven by the mind" (p. 13).

In the fourth chapter of the opening "Meaning and Morals" section of the volume, Salsman features his most convincing case for viewing capitalism as a systematic and all-encompassing philosophic, political, and economic system. Noting the recent turn in scholarship across disciplines to characterize or condition "capitalism" with some constraining adjective—whether common-good, stakeholder, crony, conscious, late, neo-liberal, responsible, surveillance, or some dozen other modifiers—he contends that a proper understanding of the social system requires understanding its pure, unadulterated form as well as the conditions that permit it to exist. Just as human beings can best survive and flourish when social and economic conditions are suited to their essential nature and characteristics, so too he argues capitalism can only function optimally in a certain habitat. Capitalism "requires a certain *intellectual* habitat, in which *reason* (enlightenment) and *egoism* reign" (p. 27, italics in original). By protecting individual rights through the rule of law in a constitutional government, Salsman summarizes, capitalism can embrace the rational, life-affirming characteristics of mankind by unleashing innovation through the free choice of economic actors.

Crucial to understanding the integrated case that Salsman makes is his conception of "tripartite governance" (pp. 54-62). He notes that the broad use of the term "governance" is too often restricted to political regimes and public officials who promulgate the laws and regulations in a society. Within his embracing analysis of the supports for capitalism, Salsman lays out a schema of personal governance, private governance, and public governance. The theory of self-government, thus, means most importantly the moral choices and actions of each autonomous individual to order and control his life. As a recognition of the profound importance of individualism, Salsman notes that "[t]here's

considerable virtue in taking responsibility for your own thinking, choosing, and acting” (p. 55). Indeed, this forms the basis of civil society as individually self-controlling actors can undertake joint ventures and form associations to accomplish great things. But all such groups and organizations also work best, Salsman notes, when they adopt internal rules of order and behavior that controls and governs their actions.

Last, but perhaps most importantly as a distinguishing element in Salsman’s argument, public governance is crucial for the other forms to succeed. Yet it is this arrangement that can also “distort and squelch” the accomplishments of individual and private governance (p. 56). “A genuine, rights-preserving political constitution,” he notes, “constitutes governance of the governors” (p. 57). The preconditions of human flourishing, called “constitutional republicanism” in his account, is “a system in which the power of public governance is *objectively* delineated and circumscribed by the principle of *rights*” (p. 57, italics in original).

Assembling a diverse array of formerly free-standing essays is not without its perils and occasionally reveals some rougher edges in Salsman’s approach. The collection is at once over-inclusive and leaves the reader wanting something more. The core argument, which is quite powerful, is occasionally diluted through pieces that are more time-bound and contextual and feature more as applications of core concepts than original developments. Pieces on specific times or policies—for example, the “Golden Decade,” the Japanese stimulus, the Venezuelan crises, Covid policy, and others—though interesting, could easily be cut without diminishing the volume’s value to readers. Such a capacious volume with broad themes would benefit from a more selective display of Salsman’s thought. Despite the multitude of topics, there is something missing as well. Collections like this can always benefit from the inclusion of an over-arching essay where the author reflects on and synthesizes the themes contained within and sheds a light on what he has learned over the years. That could have provided either an opportunity to guide the reader into the essays and orient him to what it is to come or to package together the insights as a culminating chapter.

Despite these minor flaws, Salsman successfully applies his main themes to the wide variety of topics addressed by the essays. What emerges, perhaps in an order that is not so spontaneous, is a serious consideration of how the mystery of the missing defenders of capitalism can be solved, namely, through a renewed effort to *integrate* and *unify* the best and most consistent arguments for the system of human liberty.

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