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"I never dared to be radical when young
For fear it would make me conservative when old."
Robert Frost, *'Ten Mills,' A Further Range*, 1936.

Posner, Eric, Glen Weyl. 2018. *Radical Markets: Uprooting Capitalism and Democracy for a Just Society*. Princeton: Princeton University Press, 338

An interesting and thought-provoking definition of radicalism is "The conservatism of tomorrow injected into the affairs of today" (Bierce 2002). Following the definition, the reader could expect Posner, a law professor at the University of Chicago Law School, and Weyl, an economist at Microsoft, to write a book that would provide controversial insights and new ideas that would dramatically alter, i.e. improve, markets and democracy – yet readers should be careful what they expect, because it just might come true!

To start with, it can hardly be disputed that there is "the crisis of the liberal order", as the two authors noted in the introductory chapter. Indeed, markets are frequently hampered by market power and "often are even absent" but, qualifying perfect competition as the opium of the elites could be a long shot, even for two distinguished authors such as Posner and Weyl. At first glance, it seems that the "rosy assumptions of the classical economic theory" have plenty of thorns, and it will be interesting to see whether these assumptions will survive, or they will be improved and modified in line with the radical criticism presented in this intriguing book.

In general, the authors expose many radical ideas that all have the same underlining principle: expanding the rules of the market to solve current economic and social problems. Some of the main issues elaborated in this book are current allocation of property rights and market efficiency, imperfect voting systems, immigration, rate of unemployment, and human capital. Although all of these issues could and should be

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analysed separately, the authors considered the underlining principle could be relevant in every single case. Of course, the authors offered different solutions and many arguments (some more convincing than others) for every issue elaborated in the book.

The main problem with property rights, in the authors` opinion, is the monopoly power that is inherent to these rights. Namely, the main argument is that landowners (and holders of other property rights) cannot be coerced to transfer their rights and thus poses market power, due to their exclusive possession of a unique plot in the marketplace. As a final consequence, goods are not moving as quickly as they could, which causes inefficient allocation of scarce resources in society. As a solution to this problem, the authors suggesting the new wealth tax – landowners should state the value of their property and pay the tax accordingly. Additionally, if someone is ready to buy the property at the stated price, the rightsholder would be required to transfer the property rights. In that way, the cost of holding property rights would increase, and goods would move more quickly to their most valued use, thus increasing allocative efficiency.

Furthermore, "[...] because the prices of assets will decline, harming wealthy people at the margin and helping poorer people, inequality will decline." This idea of the wealth taxes is undoubtedly radical by nature, and (at least in theory) it could achieve the expected results. However, setting aside all the potential difficulties related to the introduction of the wealth tax within the existing tax system, it seems that the authors have completely neglected the purpose of property rights. Namely, the purpose is not merely to enable the efficient allocation of scarce resources, but also to provide freedom and security to all rightsholders. If they are required to sell the property whenever someone offers the stated value, rightsholders could be easily deprived of their houses, lands, etc. It is interesting how radical ideas, even when they are liberal, can diminish fundamental human rights.

In addition, the authors did not even consider the magnitude of the market power that all property rightsholders supposedly possess. This issue could be highly relevant because some of the plots could have almost perfect substitutes in the market, which means that they do not significantly affect allocation of resources, at least not to such a degree that requires a radical approach. Similarly, the authors did not consider the existing legal institutes, such as eminent domain, which could be invoked in cases where there are truly no substitutes for certain plots, and when a parcel is not used in the most valued manner. All of these issues should be considered before suggesting radical ideas that could seriously deteriorate rightsholders' freedom and security.

The next radical idea presented in the book refers to reforms of the voting system. Namely, the authors emphasised that: "[...] one of the greatest sources of inefficiency in the economy is the way that public goods are selected." In order to solve this problem and increase efficiency, the authors suggest the introduction of market principles to the ballot box, or the Quadratic Voting system (QV). Within that system, everyone gets the same number of credits that can be used to buy votes in elections or referendums,[1] and the price of a vote is the square of the number bought: one vote would cost one credit; two votes would cost four; three votes nine credits, etc. Additionally, a person could spend all the credits on one election, but they would not be able to participate in other elections or referendums within a given period. In that way, in the authors` opinion, "QV gives weight both to numbers and to the intensity of interests. A large group of people with weak preferences might outvote a very small group of people with intense preferences but not a somewhat larger group of people with intense preferences". Indeed, at first glance, it seems that this radical idea could provide a more efficient supply of public goods, yet the authors did not consider the potential political instability and related instability of the economy that could arise as a consequence of QV. Also, democracy and voting systems have many functions besides providing public goods, and thus, many other aspects should be considered before introducing QV, such as allocation of powers. Once again, it seems that radical ideas could be attractive and efficient, but their implementation could raise many concerns.

Following the same radical line of reasoning, among other issues, the authors presented two interesting ideas related to immigrants, unemployment and human capital. Their first idea is that every citizen should be able to sell a visa directly to an immigrant, provide him or her with housing and help them find low-wage work.[2] The second idea is, in its essence, an extension of the wealth tax to the labour market and human capital – citizens should declare the minimum wage that they would accept. This amount would be used for purposes of taxation, and if an employer offers the given salary, citizens would have to accept the offer. From an economic perspective, it is clear that the implementation of the proposed ideas would increase the flexibility of the labour market, increase productivity, and as an ultimate consequence, increase the gross domestic product of the given economy. However, from a legal standpoint, there are some insurmountable obstacles for the implementation of these

1 The exclusive purpose of the credits is to buy votes in a given period of time. The authors did not specify what should be the amount credits nor the period within the credits are supposed to be spent.

2 In the authors` words: "The migration proposal turns passive consumers/labourers in wealthy countries into entrepreneurs who see migrants as an economic opportunity rather than labour competition".

ideas. For instance, a visa is not related exclusively to the labour market and thus has to be issued by the given state for many reasons, including public safety and security. Additionally, coercing people to accept the job offer and the salary they once declared is contrary to fundamental human rights, and it could effectively create slavery. In contrast, if workers are free to change their declared wage at any time, then the entire idea of taxation and employment does not work (a similar argument goes for the wealth tax).

In the end, it would be interesting for the readers to try to implement all the suggested ideas at the same time, and to answer the following questions: do immigrants (and the majority of citizens) have any market power, and what would be the stated value of their property? What would be the average minimum declared wage for immigrants and citizens? Would the citizens spend their votes to accept immigrants? Finally, would the given economy prosper or collapse as a consequence of the implemented ideas?

Whatever the answers are, the majority of the readers will probably agree that all of the suggested ideas go far beyond the premises of conventional economic theory. At the same time, the authors did not provide modified (or new) assumptions, which would enable consistent interpretation and implementation of their ideas. The only thing that the two authors offered is a lot of outlandish and extreme liberal blueprints.

"'Extremes,' said the Controller, 'meet. For the good reason that they were made to meet.'"[3] In other words, it seems that the authors are purposely inclined to radical markets to defend conventional economic theory from flourishing protectionism and populism. If that is the case, the question remains: is it prudent to respond to extremes by suggesting new extremes? That could be an exhausting race to the bottom, where protectionists and populists are a much more experienced. With that being said, the unique quality of this book could be in the challenging and rethinking of basic ideas of conventional economic theory.

All the readers who would answer the previous question affirmatively could have slightly different conclusions and impressions after reading this book. In any event, one thing is for sure – they would enjoy it!

[3] Aldous Huxley, Brave New World, chapter 3.