

## **Robert L. Bradley Jr.: Capitalism at work: business, government, and energy; book 1 of political capitalism (a trilogy)**

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Robert Bradley has written an interesting and engaging book. Drawing on his personal experience of working for many years inside the organization, he has set out to chronicle and analyze the rise and crash of Enron and its main players, like Ken Lay and Andy Fastow. This book is the first of a trilogy on *political capitalism*, with Enron being a key example. The other two volumes are yet to be published.

This is an ambitious work in that Bradley seeks not only to expose to the world the house of cards that Enron had become, and how this happened, but also to convey a deep appreciation of context. Enron was emphatically not the paragon of free enterprise that the many critics of free enterprise have made it out to be; it was in fact the very antithesis, a prime example of “political capitalism”—the system in which businesses compete for political favors and protection, rather than for the patronage of the consumer. We learn, for example, that Ken Lay was hardly the quintessential entrepreneur of the free market. He was, by contrast, a seasoned and consummate wheeler and dealer of special privileges, an expert on the intricacies of the regulatory environment which he manipulated with ease.

No doubt we will learn more about this from the forthcoming two volumes. In this one, Bradley takes us on a tour of some diverse aspects of the history of economic thought as it pertains to a sound and nuanced understanding of what market capitalism (as opposed to political capitalism) is all about. While not slighting the well-known efficiency properties of free markets, Bradley sympathetically directs the reader’s attention to capitalism’s other virtues (in a manner not dissimilar to Deirdre McCloskey’s project on the *Bourgeois Virtues* (2006)). In part I (of three parts), for example, we find in-depth, chapter-length examinations of the ideas of Adam Smith, Samuel Smiles, and Ayn Rand. I imagine many readers will

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find the chapter on Smiles the most intriguing of the three, being the most unfamiliar. Smiles was an articulate spokesman for the moral virtues of capitalism, and a role model to boot. Taken together, these three chapters are apparently intended to contribute to the gradual development of a solid appreciation of “real” capitalism and its virtuous grounding, leading up eventually to the final unmasking of the Enron episode and its media-hyped aftermath for what it really was—and it was not remotely market capitalism.

The foundational project is continued in part 2, in which business opportunity and political opportunism are juxtaposed. The nature of entrepreneurship a la four different thinkers is examined (Schumpeter, Mises, Coase and Knight, although not Kirzner). In this part, we meet a variety of characters—heroes and villains, true entrepreneurs and political manipulators, and diverse commentators on the political and economic scene. A collage of players in the writing of American economic history is laid before us. Bradley has a wide-ranging knowledge of these people and their stories and brings the engaging passion of an informed storyteller, nicely supported with numerous charts, illustrations, and photographs.

In the final part, Bradley turns to his area of expertise—energy economics. This part could stand alone as a small book in its own right and will provide a valuable source for those seeking an effective antidote to the current enviro-alarms-imperialism. It provides also the crucial historical connection to the Malthusians of the past. The mistakes of Malthus, Jevons, and others are perceptively analyzed. We see much of the current debates as the inevitable repeating of past mistakes and the forgetting of lessons learned.

The book has four appendices—including one on the Ayn Rand problem – and 54 internet appendices! The latter appear on the now obligatory book project website.

I have two criticisms. The first, and lesser, concerns these appendices. I am not sure that what they add is worth the potential risk of detracting from the desired focus of the book. As with the proverbial danger of having the tail wag the dog, this organizational strategy risks the danger of not being able to distinguish which is which.

My second criticism is related and it is more serious. It is on the organization of the project as a whole. I was not sure who the intended audience of the book was. My guess is that it is the general intelligent reader rather than the academic. This would excuse to some extent the frequent repetition of a number of prevailing themes, all of which are likely to be familiar to the academic expert but not to the general reader. Nevertheless, whoever reads this book has to deal with persistent meandering off track, wondering, as I did, what these digressions are all about. Some of it read to me like a stream of consciousness that was well expressed but not clearly anchored on any overriding purpose. Bradley, perhaps aware of this to some extent, randomly inserts references to Enron, Ken Lay, and the gang to remind us that all this erudition is in the service of a greater goal. But it is not convincing and it seems misplaced, exacerbating rather than solving the problem. The danger is that the real story of Enron may get lost. Each of the many topics that Bradley chooses is handled well and is worthy of attention. Forcing them to hang together may be a mistake. If Enron is his target it would be better dispatched more quickly and

efficiently. The other topics can fend for themselves. The remaining two volumes will no doubt shed more light on this.

Weaknesses seen from another angle can appear as strengths. This book contains a treasure of information and insights that will delight and interest the reader.

## References

- McCloskey, D. N. (2006). *The bourgeois virtues: ethic of an age of commerce*. Chicago: University of Chicago Press