

# Does Capitalism Need Reform —or Revolution?

by Scott LaPierre

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**Summary.** Six new books come down on both sides of the debate: The Alternative, by Nick Romeo; The Road to Freedom, by Joseph E. Stiglitz; Capitalism and Crises, by Colin Mayer; Climate Capitalism, by Akshat Rathi; Venture Meets Mission, by Arun Gupta, Gerard... [more](#)

A recent headline laments, “In a Warming World, Clean Energy Stocks Fall While Oil Prospers.” The subhead explains, “The market is focused on making money now and isn’t heeding urgent warnings about climate change.” The message is clear: Despite the rise of stakeholder capitalism, corporations and investors are still motivated more by profits than by serving the public good.



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That reminds me of a popular fable: A scorpion asks a frog for a ride on his back across a river. When the frog demurs, noting that he doesn’t want to be stung to death, the scorpion argues that it’s in his own best interest to keep his transport alive. So the frog agrees. But halfway across the water the scorpion stings him. As they’re both drowning, the frog asks why he did it. “It’s my nature,” the scorpion replies.

Is capitalism the scorpion? Corporate executives and boards say they want to help employees, customers, communities, and the environment, but does the very nature of the system in which they operate ensure that they’ll sting us all anyway? Put another way, can the same institutions that (along with many positive things) have exacerbated climate change and inequality be trusted to cure us of those ills? Can profitability coexist with environmental sustainability and economic equity? Several new books set out to answer those questions, and their answers vary widely, from a qualified “yes” to a hard “hell, no.”

Early in *The Alternative*, the *New Yorker* writer Nick Romeo scrutinizes the software humming behind capitalism’s facade: the academic field of economics. Until recently, most curricula

espoused a value-free, self-regulating system of laws, wrapped in math and rationality and received as scientific fact, religious dogma, or both. Business leaders used the system as cover to unabashedly pursue financial gain. However, “[n]o economic law requires us to create cheap products or profitable companies by paying workers so little that they cannot afford a decent life,” Romeo writes. What the field needs, he argues, is to put “moral action” and “accountability” back at its core. The rest of the book is a world tour of companies successfully bucking economic orthodoxies, from De Aanzet, a Dutch grocer that prices goods higher to account for externalities, to the U.S.-based Well-Paid Maids, which gives employees a living wage. They prove, Romeo says, that capitalism can work for people, not just the other way around.

A similar reexamination of neoliberal economics animates *The Road to Freedom*, from the Nobel laureate Joseph Stiglitz.

“Individuals differ markedly from the way they are depicted in standard economic theory,” he writes. “They are less rational, but also less selfish.” Calling economic inequality one of the greatest forms of “un-freedom,” he argues that progressive capitalism could be a powerful mechanism for “balanc[ing] expansions of the freedom of some against the reductions in the freedom of others.” Businesses would still play a central role, but so would collective action and robust government regulation, investment, and taxes. He adds an ominous note: “Fascist and authoritarian rulers have largely risen from a failure of government to do enough, not from government doing too much.”

For leaders keen to practice better capitalism, *Capitalism and Crises*, by the Oxford business professor Colin Mayer, offers more theoretical scaffolding, beginning (like Stiglitz and Romeo) with a redefinition of profit to include broad progress and advancement as well as financial benefit, and of ownership to mean a responsibility rather than a right, implying that firms own both the good and the bad they create. He says that the purpose of a

corporation is to produce solutions for society's problems; profiting from problems, especially those it has created, runs counter to that. He cites the contrast between relationship banking, in which banks profit by working with customers to grow healthy businesses, and transactional banking, in which margins come at customers' expense.

Once our values are lined up, what role should the business world play in saving the planet? Two books argue that capitalism's entrepreneurial spirit and profit motive are, in fact, critical. In *Climate Capitalism*, the Bloomberg reporter Akshat Rathi describes companies pushing key innovations with the help of governments. For example, through subsidies and regulations, China jump-started its electric car industry, spurring 300% growth in some years and making the country the world's largest EV market. This shows, Rathi writes, "that succeeding in scaling a green technology requires supportive government policies, substantial public and private investment, and empowering entrepreneurs."

Public-private cooperation is also featured in *Venture Meets Mission*, by Georgetown University's Arun Gupta, Gerard George, and Thomas J. Fewer. They argue that although the public sector has the power of the purse and lawmaking, it is too cautious and slow, so corporate resources must be tapped to ensure success. "Remove the preconceptions that working toward a higher purpose is decoupled from the ability to make money," the authors write. "Wouldn't those with an entrepreneurial mindset be most suited to address such challenges?"

On the other side of this debate stands Kōhei Saitō, a philosopher and Marxist scholar who is not at all interested in reforming capitalism. In *Slow Down*, he calls for wholesale revolution, arguing that economic systems should prioritize "fulfill[ing] people's basic needs...over increasing the GDP." He dismisses the idea that profit can and should be a driving force, even poking

holes in seemingly progressive plans such as the U.S. Green New Deal, which he sees as compromised. “Measures to stop climate change cannot double as ways to further economic growth,” he argues. They “will only work if their only goal is stopping climate change.” His proposals include designating essentials like energy and health care as public goods to be managed directly, publicly, and democratically through local organizations, because corporations (and the governments in their thrall) can’t be trusted to fix our big problems.

Reading these books, I found no definitive answers for solving climate change or inequality, but I did come away with better questions. Is it the way we’ve grown that has gotten us into this mess, or does growth itself have limits in a world with finite resources? Will technological innovation be the driving force, or do we also need new ways of thinking about our consumption? Business is good at giving us more, but what if the solution involves less? In any case, I continue to hold out hope that the scorpion can change its nature.

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