



Jamee K. Moudud, *Legal and Political Foundations of Capitalism: The End of Laissez Faire?* (Routledge, 2025).

Jamee K. Moudud's *Legal and Political Foundations of Capitalism* delivers a trenchant critique of laissez-faire ideology by exposing the deep interdependence between markets, law, and political power. Challenging the long-held assumption that markets are autonomous entities requiring minimal state intervention, Moudud argues that economic systems are constituted through legal frameworks and political decisions. This work is a significant contribution to the field of Law and Political Economy (LPE), offering a historically grounded and theoretically rigorous analysis that dismantles the myth of self-regulating markets.

Central to Moudud's argument is a critique of the Austro-Chicago school of thought, exemplified by figures such as Friedrich Hayek, Milton Friedman, and James Buchanan. These thinkers promoted the sanctity of private property and the "rule of law" as cornerstones of market freedom, insisting that markets thrive when insulated from state interference. However, Moudud convincingly demonstrates that markets are not spontaneous or natural phenomena; they rely on a web of legal rules and institutional supports. The concept of "deregulation," he argues, is a misnomer that disguises shifts in regulatory priorities rather than the absence of regulation itself.

Through an interdisciplinary approach that blends economic history, legal theory, and political analysis, Moudud illustrates how doctrines favoring market primacy have been embedded in global policy frameworks, particularly through the Washington Consensus. Policies promoting deregulation, privatization, and austerity were framed as neutral economic principles, but in practice, they entrenched power imbalances and exacerbated social inequalities. This analysis reveals how ostensibly impartial legal doctrines serve to reinforce existing hierarchies and protect elite interests.

One of Moudud's most innovative contributions is his incorporation of Piero Sraffa's economic theories into LPE scholarship. By engaging with Sraffa's critique of marginal productivity theory and his insights on the distribution of economic surplus, Moudud offers a fresh synthesis of heterodox economics and legal analysis. This integration strengthens his argument that economic outcomes are not determined by natural market forces but by institutional and legal frameworks. Sraffa's surplus approach underscores the role of law in shaping the distributional dynamics of capitalism, a perspective that enriches LPE by connecting it to broader heterodox traditions.

Moudud's exploration of constitutional governance further highlights the role of law in shaping economic outcomes. He argues that legal constraints on state power, often justified as safeguards for economic freedom, function to limit democratic interventions in the economy. By protecting property rights and enforcing contracts, these legal mechanisms shield the interests of capital while constraining the bargaining power of labor. The "rule of law" in this context is not a neutral principle but a tool for maintaining the status quo.

The book's historical analysis is particularly illuminating, tracing the evolution of economic thought and policy to show the persistent role of the state in constructing markets. Moudud examines how laissez-faire ideology, while advocating market freedom, often depends on strong state enforcement. This paradox reveals the ideological nature of laissez-faire claims, which mask the reality that markets require continuous political and legal intervention to function. His insights draw on the traditions of

Original Institutional Economics and Legal Realism, aligning with thinkers like Karl Polanyi and Robert Lee Hale, who emphasized the legal construction of market relations.

By rejecting the false dichotomy between “free markets” and “regulation,” Moudud reframes debates about economic policy. All markets are regulated; the real question is whose interests the regulations serve. This perspective challenges not only mainstream economics but also New Institutional Economics, which tends to treat legal institutions as external supports for market efficiency. Moudud shows that economic outcomes are not natural or inevitable but are shaped by legal and political decisions, a core tenet of LPE scholarship.

The implications of Moudud’s analysis are far-reaching, offering a framework for understanding contemporary challenges such as financial crises, rising inequality, and labor precarity. His work equips scholars and policymakers with the tools to rethink economic regulation and confront the power dynamics embedded in capitalism. By revealing the legal foundations of markets, Moudud opens space for imagining reforms that promote social equity and democratic governance.

In sum, *Legal and Political Foundations of Capitalism* is a masterful critique of laissez-faire ideology. Through meticulous historical research, sharp theoretical insight, and a welcome synthesis of Sraffian economics and LPE, Moudud dismantles the myth of self-regulating markets and underscores the constitutive role of law in economic life. For those engaged in the study of LPE, this book is an essential text that challenges conventional wisdom and lays the groundwork for a more just and democratic political economy.

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