

■ Geschichten des Kapitalismus

Laurence Fontaine, Le Marché. Histoire et usages d'une conquête sociale, Paris (Éditions Gallimard) 2014, 464 S., 22,90 €

Jürgen Kocka, Geschichte des Kapitalismus, München (C. H. Beck) 2013, 144 S., 8,95 €

Eight years after the event, the economic crisis of 2008 has proven hard to move past. National economies have continued

to perform sluggishly, despite astonishingly low interest rates. Investment capital has remained conservative, constraining economic growth. Unemployment rates have clung to double-digit levels in too many developed economies, contributing to increased disparities of wealth and divisions in society. Consumption levels have stayed low in consequence, completing what begins to seem a vicious and, worse still, inescapable circle. Critics of »open markets« have crowded the media, provoking defenders of the same to respond in kind, and politicians have quickly followed suit with promises of policies that will, depending on their »liberal« inclinations, free or constrain the moloch of modern capitalism.

Scholars have joined the debate, offering an astonishing volume of intellectual, in some instances scientific analyses from a variety of disciplinary perspectives. To offer a single, crude metric, Google Scholar lists 849,000 »hits« on the word »capitalism« for the period 2000–2007; that number rises to 1,510,000 for the period 2008–2016. Among the more famous (and controversial) of these is Thomas Picketty's *Capital in the Twenty-first Century* (2014), which argues among other things that inequality, considered in terms of disparities of wealth, is an intrinsic characteristic of capitalism, because rates of capital return consistently outstrip those of economic growth in developed countries. To ameliorate the situation, the book calls for the eradication neither of capitalism, nor of inequality, an aspect of Picketty's thought that some commentators miss, but rather for the redistribution of wealth through a progressive global tax on it. Reactions have proven both swift and varied, distributing themselves unsurprisingly along a political spectrum with the left largely embracing the redistributive, regulative thrust of the work's prescriptions and the right, perhaps too aware of the author's socialist engagements and too inattentive to the real thrust of his argument, rejecting the inevitability of inequality.

I mention Picketty's work, not because it is the only worthwhile examination of capitalism and its discontents in recent years, though I must admit that few to my knowledge have garnered so much attention, but rather because it articulated and emphasized through massive statistical analysis two central themes of the broader discussion: the growth of economic inequality; and the necessity of economic regulation. On the one hand, authors of many disciplines and persuasions have turned an increasingly critical eye toward that truism of capitalism that it has historically created the greatest good for the greatest number. On the other hand, they have considered anxiously what might be done to prevent its periodic crashes and perceived short-comings.

Recent works by Laurence Fontaine and Jürgen Kocka fit neatly into this larger pattern. Both are celebrated experts in their fields: Fontaine, *Directrice de recherche* at the Centre National de la Recherche Scientifique and the École des Hautes Études en Sciences Sociales at Paris, has written many important books on the commercial economy of late medieval and early modern Europe; Kocka, *emeritierter Professor* at the Freie Universität Berlin as well as Permanent Fellow of the Internationales Geisteswissenschaftliches Kolleg »Arbeit und Lebenslauf in globalgeschichtlicher Perspektive« at the Humboldt-Universität of Berlin and Senior Fellow at the Zentrum für Zeithistorische Forschung in Potsdam, has contributed substantially to our understanding of industrial capitalism and bourgeois society in modern Europe. Both have built careers on well documented, closely argued studies of economic and social life in the past: Fontaine's work on itinerant peddlers is considered by many to be a classic of early modern economic history; Kocka's study of corporate management helped define the historical interpretation of German industrialization. Accordingly, both possess the learning to reflect on the historical phenomenon of capitalism. So I understand both of the books under con-

sideration; *Le marché*, and the *Geschichte des Kapitalismus*, their titles notwithstanding, offer meditations on rather than analyses of capitalism over time.

Yet, the results strike me as disappointingly uncritical. Neither work relies on large-scale statistical analyses or detail-oriented archival research. Fontaine's book turns on an unsystematic collection of anecdotes; Kocka's synthesizes the published works of scholars. Both books conclude with unabashed defenses of modern capitalism. It has, so they argue in unison, created greater prosperity for a greater proportion of the world's population than any other socioeconomic system of which we have historical knowledge. It has, according to Fontaine, especially benefitted marginal groups, such as women and minorities, to whom it has provided unprecedented opportunities for earning and advancing, and it has strengthened democratic institutions through the identification of economic and political life. It needs, so both contend, acknowledging past and present failures, only appropriate regulation to perfect it.

Before turning to a closer consideration of their respective studies, we need first to be clear about their subject matter. Fontaine leaves the reader guessing, at least initially. Whereas she writes consistently of »the market«, it becomes in her hands a vague socioeconomic institution. It is both locus of and force for change from an imagined, premodern economy of social status, dominated by orders and corporations that possessed specific privileges, to an idealized, modern economy of open markets, oriented toward the pursuit of profit through the disposal of private property. It blurs thus the apt distinction between markets, those abstract spaces where supply and demand set the price for goods and services, and marketplaces, those physical places where seller and buyer exchange goods and services. In consequence, capitalism emerges anonymously as merely the untrammelled pursuit of profit through the disposal of private property.

By contrast, Kocka leaves little doubt. He assumes the existence of markets that are intrinsic to, not identical with, the system. His is a standard history of capitalism, which he defines at the outset in standard terms: private property and decentralized decision-making; commodification of resources and coordination via markets; existence of capital and availability of credit. Once these characteristics exist, so does capitalism. Its accidents may change, to borrow Aristotle's terminology, according to ephemeral social or technological circumstances, without affecting its substance. Neither author sees capitalism as fundamentally a process of using capital to build capital and, accordingly, consonant with, but also conditioned by, any economic system, whether agricultural, commercial, industrial or financial. Fontaine examines a human organization that mirrors human society, but interprets it according to abstract generalities; Kocka traces the history of an ideal type, something only superficially subject to differences over time and space.

Given that they see capitalism as a historical phenomenon, coming into being at a specific point in time and in response to specific circumstances, both authors construct their narratives around stage-theories. Though Fontaine claims no clear transition in the eighteenth or nineteenth centuries, no rupture in the sense of Polanyi between market and society and no fusion à la Braudel of market and capitalism, she nonetheless claims to spy a wide gulf, marked by the incompatibility of a precapitalistic economy based on social status with a capitalistic one based on open markets, between ill-defined early modern and modern periods. She seems to suggest a gradual, seamless process by which closely guarded status and privilege yield to unrestricted initiative and profit. It is the Smithian vision triumphant. Kocka draws upon other sources of inspiration. He repeats as fact in need of no further consideration a chronology that has served as standard stuff for many economic historians since Karl Marx. Max Weber and Joseph

Schumpeter transformed it from theory to canon. Capitalism or capitalistic practices emerged in Europe around the twelfth century – far earlier in East and South Asia – among long-distance, wholesale traders. The impact on society remained limited until the sixteenth century, when global expansion prompted the creation of new organizational forms, specifically joint-stock companies and commodity exchanges, that exposed more and more of the global population to international market impulses. That the effects of capitalism were negative for a large portion of the world's population became clear with the transition from mercantile to industrial capitalism, which brought the worst abuses home in the late-eighteenth and nineteenth centuries, and the attempts to address these through political legislation and regulation. For both authors, capitalism came into being at a specific point in time and in response to specific circumstances, albeit it at different points and under different circumstances.

Unfortunately, most stage theories fall victim to their own teleologies. These are no exceptions. Fontaine and Kocka cling to traditional histories of political economy that adopt the chronology supplied by modernization theory. According to them, step by step, patronage and privilege yielded to opportunity and initiative; states moved from protecting status rights based on corporative membership to upholding civil rights based on individual citizenship; proprietary, familial forms of capitalism were replaced by corporate, managerial ones. Both histories adopt without apparent reflection or hesitation, the tired dichotomy of premodern versus modern, precapitalist versus capitalist. They do not argue in terms of contingency or complexity; they do not credit the existence or persistence of economic structures and practices beyond the historical periods and places of which they were supposedly characteristic. This raises questions that neither can answer. How do we explain evidence for the existence of capitalistic practices – and

quite probably of capitalistic organizations – before the first millennium BCE, such as the prohibitions against usurious lending and futures trading found in the Hebrew Bible?

Capitalism, in one form or another, may be as old as settled human communities themselves, begging historians to consider not when it came into existence, but how it changes shape. How do we explain the resort to particular structures or forms of economic life at points in time that stage-theorists would insist are inappropriate? Family-run businesses, to take a single example, far from being an organizational form unfit for the financial and managerial demands of modern, global, economic life, still comprise 35 percent of the 500 largest US corporations by total revenue and generate 64 percent of US gross domestic product in the twenty-first century; and such supposedly modern, global innovations as joint-stock companies and commodity exchanges were by no means unknown in the fifteenth or even the fourteenth. How do we explain the clear, archival evidence that profit-seeking is not limited to modern, capitalistic orientations, any more than rent-seeking uniquely characterizes precapitalistic behavior? At the very least, Fontaine and Kocka might consider what practical differences exist between a global economy of yesterday, dominated by socially privileged, state-sponsored companies, and a global economy of today, dominated by legally protected, monopoly-seeking multinationals. Both authors present capitalism in terms of its purposes, which they describe as opportunity, prosperity and freedom. In the process of doing so, they tend to overdraw – indeed, their arguments depend upon – the oppositions between precapitalistic and capitalistic and to romanticize the advantages of the modern.

In fairness, neither author ignores the ruptures and rapaciousness of the world economy in the nineteenth and twentieth centuries. Kocka devotes an entire chapter to the problems raised by industrial capitalism, which he presents in terms of periods

of more or less intense efforts on the part of states to mitigate its worst effects through regulation. This discussion functions more or less mechanically, however, overlooking the evident failures of regulation and the on-going debates as to how best to steer a capitalist economy. Fontaine is no less aware of the failures of capitalism, of the market. Like Kocka, she notes the market dependence of workers caught up in a network of global production and consumption, but where he sees the commodification and expropriation of their labor, she sees new opportunities for prosperity, consumption and equality, especially for women and minorities. That mean salaries for both groups lag well behind those for white men in nearly all industrialized countries, that women did not receive the right to vote until 1918 in Britain, 1920 in the US and 1971 in Switzerland, long after capitalism had conferred such gifts as it has to give to working women in those countries, suggests that the easy identification of capitalistic virtues with democratic institutions requires extensive qualification.

Picketty has little to say about the laboring poor, those persons to whom capitalism, so Fontaine, supposedly offers the greatest benefits. Neither, as it happens, do Fontaine and Kocka. They repeat the by now patent nostrum of the greatest good for the greatest number, warning implicitly that critics of capitalism risk throwing the baby out with the bathwater. They offer no evidence to support their common assumption; it is doubtful whether such evidence exists. They do not address in any consistent, disciplined manner Marx's by now familiar objection that capitalism systematically expropriates the poor, raising their household incomes, perhaps, but not their living standards, creating prosperity for some, but not justice for all. Nor do they take up Weber's objection that capitalism excretes a cultural corrosive that dissolves notions of the common good in favor of individual gain. Is the child who earns one dollar a day sewing tennis shoes truly better

off, relative to the head of her multinational who books one hundred million a year, while the value of their common company declines? Fontaine and Kocka ask their readers to believe – I use the word advisedly because they hold it to be self-evident, offer no evidence upon which to base knowledge – that effective regulation will do it.

But will it? A quick look at the history of regulation might suggest few real successes over time, because such efforts remain situational, bound by the structures and practices of capitalism as they exist in a particular time and place. Being essentially piece-meal and largely reactive, state efforts to control economic life tend historically to limp behind the aggressive opportunism and innovativeness of market capitalism. Perhaps a rethinking is more in order.

It is certainly unjust to compare brief – in Kocka's case, very brief – meditations on capitalism with ambitious, empirical studies of it. Nor is it fair to expect of them detailed explorations of all aspects of the problem. That is not my intention. Fontaine and Kocka deserve great credit for writing provocative reflections on one of the great issues of modern time.

Those reflections need to rise above repeated clichés and trite apologetics, however. They need to balance the evident goods of capitalism – its capacity to reward innovation and initiative, its capacity to produce more and better goods and services, its capacity to generate greater prosperity for a greater proportion of people – against its no less evident evils – its inability to manage public resources, its indifference to questions of public good, its capacity to destroy society through tremendous divisions of wealth and power. Such a balanced, thoughtful discussion might, in my opinion, offer some indication, not only how to steer capitalism, but also in what direction. The lessons of 2008 have not yet been learned, despite ardent debate; these two books add to the cacophony without lending sense to it.

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