Review Essay


Reviewed by Angus Burgin

The Cambridge History of Capitalism, a formidable compendium of thirty-four essays spread over two volumes (each well over five hundred pages in length), was first conceived by the economic historians Larry Neal and Jeffrey Williamson in 2005. At that time, the “history of capitalism” was not yet a term of art in history departments; even in graduate workshops at Harvard, the locus classicus of the later movement, “political economy” was still the preferred phrase. By the time the book was published in 2014, much had changed: Harvard now offered a program on the “study of capitalism,” Cornell was convening a summer boot camp on the “history of capitalism,” Columbia had a book series on the history of “U.S. capitalism,” the Journal of American History had assembled a roundtable on the theme, and the front page of the New York Times had taken notice. Questions that long seemed the province of other disciplines had come to the forefront in history departments.

The Cambridge History of Capitalism, despite its title, is not a product of this recent turn. The majority of its contributors are economists, and its central problematics are derived from long-standing debates within the field of economic history. But the recent convergence of economists and historians around a common rubric provides an opportunity to assess the similarities and differences in their lines of inquiry. To what extent does the meaning of “capitalism,” as understood by economic historians, align with the representations now emerging from history departments? Where do the questions asked by each field intersect, and where do they diverge? What can these respective disciplinary projects learn from each other?
Capitalism has always been an ambiguous and many-sided term, subject to very different meanings depending on one’s disciplinary approach and political sensibility. Many recent “historians of capitalism,” as both Sven Beckert and Seth Rockman have observed, understand their primary impetus as denaturalization. Popular sensibilities in the twenty-first century have been deeply conditioned by the experience and ideology of capitalism; the goal of the historian should therefore be to identify problems and disjuncts that expose the contingency of (and power dynamics hidden within) this worldview. The primary influences on this work are those who offer tools that facilitate such acts of exposure: Marx’s attention to the class dynamics underlying market exchange; Polanyi’s emphasis on the embeddedness of markets in social relations; Foucault’s uncovering of the elaborate state interventions necessary to construct and maintain a competitive order.

The authors of the essays in *The Cambridge History of Capitalism* have a contrary understanding of what problems the “history of capitalism” should engage. Instead of uncovering the contingent nature of our contemporary order, many of these essays analyze past societies on the basis of their degree of alignment with a capitalist model. They express little interest in the relationship between capitalism and coercion, while dwelling extensively on the connections between capitalism and economic growth. The emphasis is on origins rather than alternatives, production rather than consumption, public policy rather than social experience, the manufacture of goods rather than the manufacture of desires. The result is a collection that is expansive in some respects and cloistered in others.

The first challenge of any such volume is, of course, definitional: What is capitalism? In the opening essay, Larry Neal offers four “elements” of capitalism that provide a touchstone for the other essays in the volume: “1. private property rights; 2. contracts enforceable by third parties; 3. markets with responsive prices; and 4. supportive governments” (vol. 1, p. 2). This is a minimalist framework, emphasizing market dynamics rather than complex issues of behavior, social order, modes of production, or distributive scale. That thinness then allows a protocapitalism to be discerned in the market activities of regions and periods that were long presumed to be outside capitalism’s reach. In this vein, many of the essays in the first volume draw on recent scholarship to represent ancient and medieval economies as more “capitalist” than earlier generations had perceived. Michael Jursa thus shows that the economy of ancient Babylonia was a “limited Smithian success story”; Alain Bresson explores the “remarkable intensive growth” that made ancient Greece “an exceptionally dynamic society and economy”; Willem Jongman draws on recent research to argue that the Roman
The economy saw “dramatic aggregate and per capita increases in production and consumption,” culminating in a “spectacular peak” around the age of Augustus; R. B. Wong tells us that preindustrial China had “private property rights, enforceable contracts, and price-setting markets”; Sevrek Pamuk demonstrates that the Middle East before the eleventh century was “one of the most vibrant economies in the world,” encompassing extensive “manufacturing activities” and a “highly commercialized and monetarized economy”; and Karl Gunnar Persson suggests that medieval Europe was “capitalism in its infancy” (vol. 1, pp. 38, 48, 81, 126, 219, 260–61).

The decision to build most of the chapters in the first volume around specific regions and periods was wise: the essays offer wide-ranging and opinionated syntheses of recent secondary literatures, with a shared emphasis on patterns of exchange, trade policy, and economic growth. The reference lists are thorough, and the essays incorporate many recent developments in economic history, ranging from archaeological discoveries that shed new light on the expansive trading routes of ancient societies to a methodological emphasis on the explanatory power of institutional design. Cumulatively, these essays will surely provide essential reference points for scholars working on issues in the history of capitalism that require a broad connective or comparative sweep.

In drawing upon the essays for that purpose, however, social, cultural, and intellectual historians will encounter some anachronisms. Contemporary notions and norms are retrofitted for cultures where they would have been unrecognizable. The late-twentieth-century language of innovation and entrepreneurship is everywhere: in the “entrepreneurial activities” fostered by the Babylonian state, in the “entrepreneurial spirit” of the ancient Greeks, and in the “entrepreneurial drive” of early-nineteenth-century Indian port cities (vol. 1, pp. 38, 64, 181). So too are the characteristics of “economic man,” which we find alive and well in medieval society, whose inhabitants are said to have held the same “mix of self-interested pursuit and concern for others that modern man displays” (vol. 1, p. 261). Similar inferences are drawn about early America, where capitalism was “ever present” and a “habit of doing business at every turn” was “applied to almost every activity” (vol. 1, pp. 533, 537). Prior cultures are evaluated on the basis of their alignment with a fully “capitalist” market. Their views of market activities are presumed to be largely similar to our own, and their successes and failures are evaluated largely on the basis of their ability to engender economic growth. Such modes of analysis can be very useful in establishing distributions of wealth and patterns of trade but, in doing so, often rely on thin models of human behavior and experience.
For unclear reasons, perhaps related to the increasing pace of capitalist development and the corresponding increase in global communication and trade, the second volume (on the period since 1848) adopts a very different structure from the first. In place of regional and temporal frameworks, its essays focus on specific themes, resulting in a greater methodological variety, along with some unevenness of quality and less certain utility as a historical reference aid.

Several of the essays provide valuable syntheses of existing literatures, or correctives to points of under- and overemphasis. One welcome theme is the crucial importance of agriculture to the development of capitalism from the eighteenth century through the twenty-first. C. Knick Harley’s late chapter in the first volume foregrounds rapid increases in farm output in eighteenth-century Britain, and Giovanni Federico argues in the second volume that the growth in productivity in agriculture has remained comparable to that in industry ever since. Another theme is the emergence of structured interests in innovation, ranging from the “systematic creation of knowledge” made possible by new research and development infrastructures to the elaborate financial instruments that rose to prominence in the second half of the twentieth century (vol. 2, p. 82). Several essays illuminate the problems posed by free trade for developing economies, including Robert Allen’s depiction of the deindustrialization of Asian economies as early industrial Britain gained comparative advantages by substituting cheap energy for expensive labor, or Harold James’s invocation of the inequities of global capital flows over the course of the twentieth century. Others draw attention to the heterogeneous legal systems of advanced capitalist societies and the commonality of pyramidal “business groups” designed to minimize the susceptibility of controlling owners to outside interests. Altogether these make for a supple and wide-ranging treatment of market dynamics in an age marked by the increasing sophistication of scientific research and information exchange, the growing complexity of financial instruments, and successive waves of globalization.

The concluding essay by Neal and Williamson suggests that a new shadow of doubt has descended on capitalist institutions in the wake of the financial crisis, with some foreseeing an age of slowing growth and others reading new political tensions as portents of a “decline and fall” (vol. 2, p. 530). But the editors’ inferences, like those of many of their contributors to the second volume, are broadly optimistic. Recent challenges, they indicate, are merely “the latest of growing pains that have afflicted the development of capitalism from the beginning”; as long as “rapid economic growth” remains achievable, it offers a “prize that makes all participants more tolerant of financial crises and competitive adjustment” (vol. 2, pp. 530–31, 542). The essays in the second
volume gesture repeatedly to capitalism’s abilities to resolve social problems: its expansion has dramatically reduced the “spectrum of violence”; when placed in global perspective, it has proven as much a “handmaiden” as a hindrance to the labor movement; a “long-term” view of its financial innovations reveals its “resilience and the need for deregulation” (vol. 2, pp. 348, 428, 261). Attempts to intervene in the workings of capitalism are largely futile, because even “if blocked, financial innovation will change direction and shape so as to bypass any obstacles placed in its way” (vol. 2, p. 233). Even the opponents of capitalism, suggests an essay by Jeffry Frieden and Ronald Rogowski, can be vanquished by economic growth. “Capitalism’s principal supporters have been those who have benefitted most from its development,” while its “principal opponents have been those who have lost, or expect to lose, as the system progresses,” suggesting that the persistence of capitalist ideology is a function of the preservation of its material benefices (vol. 2, p. 385). If the first volume focused on the presence of dynamic markets even in cultures that bore little resemblance to contemporary capitalism, the second volume provides some reassurance that contemporary anxieties about the future of capitalism are most likely a cyclical trough amid long-running trends in its favor.

The Cambridge History of Capitalism therefore presents a very different representation of “capitalism” from recent work emerging from history departments. If the latter attempts to destabilize or transcend the norms and assumptions of contemporary capitalism, the former emphasizes their resiliency and reads them even into historical reconstructions of the ancient past.

Each approach could learn from the other. The essays in The Cambridge History of Capitalism would be more convincing and comprehensive if they were more skeptical of the universality of market logics, more open to the methods of cultural and intellectual historians, more attuned to the human experience of consumption, more sensitive to the power dynamics lurking behind the abstraction of market exchange. At the same time, and in contrast to this volume, much of the recent work produced under the rubric of the “history of capitalism” has struggled to generate structural narratives of economic change, to engage in truly global comparative analyses, or to draw even occasionally upon quantitative techniques.

As Thomas Piketty suggested in Capital in the Twenty-First Century, which was published in the same year as these volumes, the bifurcation between the humanities and the social sciences has done a disservice to the study of political economy. “It is possible, and even indispensable,” he argued, “to have an approach that is at once economic and political, social and cultural, and concerned with wages and wealth”
After four decades of divergence, a rapprochement between economists and historians is overdue. If *The Cambridge History of Capitalism* sometimes suffers from limitations born of this divide, its accomplishments are suggestive of the rewards awaiting those who can transcend it.

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