As many consequences of the financial crisis of 2008 are still with us, the need for a present-day history of capitalism is hardly in doubt. Nevertheless, it seems advisable to ponder the question. On the one hand, we are faced with an abundance of books pretending to be histories of capitalism which tell simple stories of growth, industrialisation and institutions. The two-volume *Cambridge History of Capitalism* is the most prominent example of this trend. On the other hand, and far more importantly, it is after all our intuition of the main characteristics of the crisis and its underlying causes which will determine the spatial and temporal reach of such a history as well as the general approach chosen and the topics dealt with. Thus, unsurprisingly, explanations which highlight the role of financialisation or digitalisation rarely go back before the Second World War because it is only the Fordist welfare state that they need as a foil against which to describe – or deplore – more recent changes. While the not so distant past – commonly presented as a neoliberal one – is clearly depicted as one with a globalised economy, the perspective on globalisation commonly takes a peculiar twist. It is the world beyond the regulative powers of the traditional Western nation state which comes into view solely as a potential threat to the social cohesion of European and North American societies. This seems hardly appropriate for the twenty-first century and may explain the regressive, if not outright reactionary smack of the interventions of David Harvey or Wolfgang Streeck to name but two critics who also conjoin in their typical Western anticonsumerism.

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1. Special thanks to Dieter Langewiesche (Tübingen) for a critical reading of the manuscript.
3. Which is fine for work on financialization itself; cf. e.g. H. Berghoff, «Varieties of Financialization? Evidence from German Industry in the 1990s», in: *Business History Review* XC (2016), 81–108, and this special issue of the *JMEH*.
Against such a limited perspective Stephan Lessenich has recently insisted that «the more or less unequal «internal conditions» of rich societies in Europe or North America cannot be understood without reference to their external preconditions, i.e. the «internal conditions» in countries within poorer world regions». He has drawn the convincing conclusion that there are no longer internal societal conditions, but solely asymmetrical internal global conditions. For historians, this leads to the obvious question: how did this come about? And from the outset, it rules out answers that ignore the formation and the existence of asymmetrical internal global conditions long before the twenty-first century. Such answers still dominate the discussion, however, and I will give one especially prominent example for that. Nobel laureate Angus Deaton in his widely acclaimed book *The Great Escape* advises poorer countries to follow the example of richer ones by «developing in their own way, in keeping to their own rhythm and according to their own political and economic structures». This may not be as cynical as it sounds, but it ignores three fundamental arguments. First of all, it is by no means clear that the richer countries developed autonomously. Currently, it is hotly debated whether plantation slavery in the Caribbean and elsewhere was an important factor in British industrial development or not. And economic historians have been discussing even more intensely the reasons for the so-called «great divergence» leading to increasingly different developments in China and Europe since the mid-eighteenth century. Did Britain’s ability to claim agricultural products and raw materials from her colonies which she could not have produced on her rather limited domestic soil play a crucial role in this? There is no consensus on these questions but it is not at all self-evident to presuppose an autonomous European or British path of development. And even if one were to grant this presumption, two objections to Deaton would remain. Colonialism hardly left the political and economic structures of today’s poor countries unchanged. Instead, there is a broad debate as to which type of colonial rule was more conducive to later development. And finally, it seems naive to ignore the ways in which the «subjugation of the world» as Wolfgang Reinhard put it in his monumental book, forced colonies into structures of a global division of labour which are still visible in the twenty-first century.

5 S. Lessenich, *Neben uns die Sintflut. Die Externalisierungsgesellschaft und ihr Preis*, Munich 2016, 54 (unless otherwise noted all translations are my own).


Asymmetrical Internal Global Conditions

If we therefore try to explain the emergence of asymmetrical internal global conditions from a broader perspective, quite a few things follow for a history of capitalism. It has to be conceptualised as the history of a double subjugation of the world, thus including the history of colonialism and the role of the state in the process of capitalist expansion more generally. While this may at first appear to be an element of a particularly Marxist tradition of thought, it really is not. On the one hand, earlier authors like Adam Smith were hardly less critical: «A great empire», he wrote in the *Wealth of Nations* «has been established for the sole purpose of raising up a nation of customers who should be obliged to buy from the shops of our different producers all the goods with which these could supply them. For the sake of that little enhancement of price which this monopoly might afford our producers, the home consumers have been burdened with the whole expense of maintaining and defending that empire.» And while on the other hand, Marx certainly provides the more trenchant critique of e.g. plantation slavery, in his view, blood and violence are part of the birth pangs of the capitalist system rather than a regular feature of this mode of production. Furthermore, the mercantile capitalism of the early modern period was of lesser interest to Marx than the emerging industrial capitalism of eighteenth and nineteenth century Britain because at the heart of his understanding of capitalism was a theory of surplus value that presupposed free wage labour and was of little use in explaining the functioning of early modern long-distance trade. Now, theories of surplus value have long been shelved and it has become increasingly clear that capitalism can and does coexist with a wide variety of labour regimes. Thus, insofar as they are modelled upon an industrial capitalism dominant in some parts of the world during the nineteenth and twentieth centuries, his categories may today stand in the way of an adequate understanding of capitalist dynamics before and after industrial capitalism.

To outline the main issues of a history of capitalism in such a way is not to deny that it makes sense to describe economies before the late fifteenth century as capitalist, nor that there have been extensive trade networks «Before European Hegemony». But it is clear that the late fifteenth century represents a deep caesura and that we have only seen «the beginnings of a truly global economy» since that time. There are a few works by historians and sociologists that provide some guidance, but they all possess their specific weaknesses. One does not have to go as far back as Sombart and Weber (or even further); indeed, there are three authors – Fernand...
Braudel, Immanuell Wallerstein and Giovanni Arrighi – that deserve special mention. Among the historical narratives, Fernand Braudel’s stands out. But while his attempt to distinguish a simple market economy from a capitalist one is still worthy of reflection, and while his account of the centre of the early-modern world economy moving from the Mediterranean Sea to the European Northwest (i.e. from Venice via Antwerp and Genoa, to Amsterdam and London) remains a classic, his thesis that capitalism since then has changed in size and proportion only, has never been underpinned empirically and will only be accepted as plausible by very few.\textsuperscript{11}

The Fifteenth Century as a Caesura

And something similar can be said about his great admirer Immanuel Wallerstein. Although the fourth volume of his Modern World System purports to take the story into the early twentieth century, it is not really the case as he discusses the liberal state as a formation of global significance and attraction rather than continuing his analysis of the capitalist restructuring of the world economy. This analysis had aimed at three elements of its establishment: «an expansion of the geographical size of the world in question, the development of variegated methods of labor control for different products and different zones of the world-economy, and the creation of relatively strong state machineries in what would become the core-states of this capitalist world-economy».\textsuperscript{12} For him, the capitalist dynamic is characterized by both an increasingly global division of labour and processes of state formation and interstate rivalries resulting in a system of peripheries, semi-peripheries and core-states – the latter struggling for a hegemonic position within it. Of the sixteenth century, when large parts of Asia were not yet incorporated into the modern world-system he states: «The periphery (eastern Europe and Hispanic America)», i.e. basically the providers of grain and precious metals, «used forced labor (slavery and coerced cash-crop labor). The core […] increasingly used free labor. The semiperiphery (former core areas turning in the direction of peripheral structures) developed an inbetween form, sharecropping, as a widespread alternative.»\textsuperscript{13} The example may suffice to demonstrate where Wallerstein goes beyond Braudel whom he follows, however, in the description of the moving centres of the world-economy. In doing so, he defines a hegemonic position within the modern world-system as one «wherein the products of a given core state will be produced so efficiently that they are by and large competitive even in other core states, and therefore the given core state will be the...

\textsuperscript{11} Cf. F. Braudel, La dynamique du capitalisme, Paris 1985, esp. 115 and id., Civilisation matérielle, \textit{économie et capitalisme, XV\textsuperscript{e}–XVIII\textsuperscript{e} siècle}, Paris 1979.
\textsuperscript{13} Ibid., 103.
primary beneficiary of a maximally free world market.»\textsuperscript{14} And, of course, during the early modern period that Wallerstein scrutinizes, the Netherlands tend to gain a hegemonic position only later loosing out to Britain.

It is neither necessary to recapitulate his arguments more closely, nor is it possible to give a comprehensive summary of all the criticisms he has met. The extreme functionalism of many of his arguments has lost much of its persuasive force, the macro-realism of his theoretical approach finds few supporters today and even sympathetic critics like Charles Tilly do not find his account of early modern state formation convincing.\textsuperscript{15} And even readers more open to the possibility of state machineries pursuing the interests of parts of the bourgeoisie would have to admit that Wallerstein is not telling us much about changes in the composition of capital owners or the structures of corporations, nor does he tell us about the implications these changes may have for investment decisions driving a global division of labour. Among the remaining strengths of his approach, however, is his insistence that the asymmetries referred to above are being made. The most telling case in this respect may be the destruction of the Indian cotton industry which once may well have been the largest in the world. But turning colonial India into a periphery required «the reduction or elimination of local manufacturing activities»\textsuperscript{16}. That is to say, we are not talking about the outcome of impersonal market forces here even though impersonal market forces will reinforce these asymmetries once they are in place. British free trade imperialism can serve as an example for the latter from the nineteenth century, as can the export of toxic waste to African states in more recent times. So whatever we may think of his answers, Wallerstein did ask a couple of important questions that should be taken up by any global history of capitalism. His work is of little help, however, when we turn to the nineteenth and twentieth centuries. And this has to do with the fact that, at least thus far, the industrial revolution has not found a place in his general frame of analysis. Belittleing it as «the reurbanization and reconcentration of the leading industries alongside an effort to increase scale» simply will not do.\textsuperscript{17}

While both Braudel and Wallerstein have largely focused on the early modern period in their empirical work this is not true for the third author to be mentioned: Giovanni Arrighi. While sharing Wallerstein’s general perspective on the emergence of a capitalist world economy, Arrighi readily admits that the industrial revolution did bring about a fundamental change and he tries to follow capitalist development...

\textsuperscript{17} Ibid., 78.
well into the twenty-first century. «For historical capitalism as a world system of accumulation», he postulates, «became a «mode of production» [...] only in its third (British) stage of development.»¹⁸ And he knows a fourth and a fifth stage too, characterized by the hegemony of the United States and later Japan and China, respectively. Since, as a sociologist, Arrighi was not shying away from prediction, it does not carry much weight that he saw Japan as ascending to hegemony in 1994 and China in 2010. And we can do without a detailed discussion of his very positive view of China at this point.¹⁹ What has to be noted, however, are two principle differences from Wallerstein’s approach. On the one hand, Arrighi’s focus on hegemonic states and economies makes him downplay the interrelatedness of world regions that Wallerstein labelled cores, peripheries or semiperipheries. On the other hand, he is more interested in the cyclical nature of development within each stage and the directedness of the development through the stages analysed. He claims that a financial crisis stands at the end of each phase of hegemony and points to the end of the Golden Age in the Netherlands, Edwardian Britain and to the US under Reagan as proof. A surplus of capital not finding profitable investment opportunities leaves only the options of a «hostile take-over of the markets or of the territories of competitors». But rather than assuming the endless reoccurrence of these war-prone cycles he asserts the «transformation of the capitalist world-economy, from a system in which networks of accumulation were wholly embedded and subordinate to networks of power into a system in which networks of power are wholly embedded in and subordinate to networks of accumulations».²⁰

**Violence and Social Inequality**

Now, if one wants to very generously accept this as a general frame for a history of capitalism, one would have to admit that it is a highly abstract one leaving many questions unanswered. And the flipside of such a statement is, of course, the question: why conceptualise a history of capitalism from this perspective at all? Beyond the attractions of the temporal and spatial reach of such an enterprise, which hopefully have been indicated, at least there are two additional promises: the first would be to enhance our comprehension of the often extremely violent character of capitalist development; and the second, to reach a more adequate understanding of the social inequality produced globally by capitalism over the last centuries.

With regard to the role of violence in capitalist development, research has again focused on plantation slavery in recent years. Eric Williams argued for its central role as early as 1944, but did not find much of a following. This was mainly due to his argument that «it was only the capital accumulation of Liverpool which called the

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population of Lancashire into existence and stimulated the manufactures of Manchester». Since it was not too difficult to show that the rather limited amount of capital needed for the early cotton industry could easily be raised without recourse to the profits of the slave trade, his stress on the triangular Atlantic trade was easily overlooked: «The triangular trade gave a triple stimulus to British industry. The Negroes were purchased with British manufactures, transported to the plantations, they produced sugar, cotton, indigo, molasses and other tropical products, the processing of which created new industries in England; while the maintenance of the Negroes and their owners on the plantations provided another market for British industry, New England agriculture and the Newfoundland fisheries.»

Williams was not yet able to provide systematic quantitative evidence demonstrating the decisive role of triangular trade, but almost sixty years after the publication of his *Capitalism and Slavery*, Joseph Inikori has done just that. Exactly how decisive it was economically is still open to debate, but aside from Inikori’s painstaking efforts at quantification, we now have impressive case studies on some of the goods produced by slaves on plantations ranging from Sidney Mintz’ early *Sweetness and Power* to Sven Beckert’s much more recent *Empire of Cotton*.

Plantation slavery is, of course, by no means the only example of the bloody and violent character of capitalist and colonial expansion. The establishment of settler colonies in North America, Australia, New Zealand or South Africa quite regularly went hand in hand with the genocide of the indigenous population. And insofar as settler colonies were characterized by the introduction of an agrarian capitalism, the violent assertion of market structures was not only carried out in a way that one-sidedly favoured the settlers but lasted well into the second half of the twentieth century. Thus, the doubts recently articulated by Heide Gerstenberger about Marx’s assumption that violence was used only, or at least primarily, during the formative period of capitalism seem well founded. It remains to be seen, however, whether her conceptual dichotomy of a domesticated capitalism following exclusively an economic rationality, and a more obviously violent one, does not in the end replicate the Marxian position more closely than she intends. At least it runs the risk to once more focus too strongly on the regulatory powers of the Western nation state and to leave aside the Global South which after all is a synonym for the periphery of a capitalist world-economy rather than a geographical concept.

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21 E. Williams, *Capitalism and Slavery*, Chapel Hill, NC 1944, 63.
22 Ibid., 52.
At first sight, the Global South seems better represented in the most recent discussions of social inequality. While offering neither the historical depth nor the analytical precision of Thomas Piketty’s brilliant *Capital in the Twenty-First Century*, both Francois Bourguignon and Branko Milanovic deal with *Global Inequality.* And the former chief economist of the World Bank and the leading economist of the research department of the same institution arrive at roughly the same conclusion. Both describe a reversal of the long-term trend of inequality between nation states and within nation states, a result stated more hesitatingly by Milanovic who also dates this reversal a bit later. While for most of the twentieth century the distance between the rich industrial countries of the north and the rest of the world had been increasing, they argue that this changed due to the intense globalization of recent years while within the rich countries the differences between the profiteers of globalization at the top of the income pyramid and the losers at the bottom, did in fact increase. There is no reason to believe that they misrepresent the data on household incomes collected worldwide, the less so since they admit that the trend escapes a whole continent – Africa. What is more remarkable than the general picture which especially in the case of Milanovic is occasionally enriched by illuminating commentaries is the rather simple explanation of the overall result which at the same time serves as the only link between inequality among nation states and within nation states. It exists in the opening up of peripheral markets coupled with the opportunity for producers in the core markets to enlist the cheap labour in peripheral countries for their production. With cheap labour in China and India competing with the unskilled of the richer countries, three things happen according to Bourguignon and Milanovic: within China and India something akin to a middle class emerges whose modest wealth yields the impression of lesser inequality among nation states because these are by far the most populous countries of the world. In the richer countries, however, the unskilled are under pressure while those with the largest incomes benefit both as capital owners and as highly qualified professionals sought after by the corporations expanding their markets.

Now, it would be unfair to criticize this picture as all too general. It is a bit irritating, though, that our World Bank economists take the nation state as the self-evident unit of analysis for the investigation of global inequality. Since the statistics are collected at the level of the national container, it seems, all that needs to be done is to produce comparisons within the containers and amongst them. And this goes together with the assumption that beyond these containers, we can assume free and functioning world markets, with the sole exception of labour

markets that are still hampered by the restriction of migration. Certainly, some degree of market belief is to be expected at the commanding posts of the World Bank, but both authors will have come across quite effective market regulations in their daily routines. After all, the Senegalese producer of peanuts is directly affected by the EU protection for French and Italian peasants growing olives, as are various industries by the limitations faced by Chinese steel producers. It seems superfluous to add further examples to question the construction of the world as a patchwork of nation states overarched by global markets. To take into account national and supranational actors determining the terms of trade, as well as multinationals easily circumventing national regulations, can only be a first step beyond this naivety and not substitute for a systematic historical account of the economic asymmetry of the world.

Having thus returned to Stephan Lessenich’s compelling argument, I hasten to add that income inequality is but one of many dimensions of global inequality. Health and life expectancy so dear to Angus Deaton, or environmental risks easily come to mind. And it has to be conceded with regard to the latter that Lessenich’s last book offers – in a nespresso capsule rather than in a nutshell – a model for an analysis that does justice to the intricate and asymmetrical entanglements of global capitalism. It will, however, be a long way from the in-depth analysis of illuminating cases to a more comprehensive and systematic understanding. To strive for it seems worth the effort and historians should have something to contribute. In doing so, they cannot afford to be too concerned about their disciplinary identity as obviously a continuous dialogue between theory and history is called for. This will have to include the history of theory in at least two respects. On the one hand, the theoreticians have to be historicised, something which has been done to a considerable degree for Adam Smith and more recently Karl Marx, but still awaits Max Weber and Joseph Schumpeter who continue to be regarded as timeless geniuses. On the other hand, it will be necessary to scrutinise the available theories with close regard to their historical reference points within the long term history of capitalism. More often than not these reference points have been European. Just think of the stage theories of capitalism proposed by Werner Sombart or Joseph Schumpeter in the second quarter of the twentieth century that are clearly stylised around the competitive industrial capitalism of much of the nineteenth century and the far more bureaucratic structures of corporations thereafter. But it also holds true for the far more recent discussions about The Varieties of Capitalism limited to the so-called developed world in quite similar ways. In the twenty-first century it will be hard to defend a Eurocentric position although we still come across prophets who rejoice at


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the opportunities of a knowledge-based postcapitalism without realising that the industrial production of material goods has moved to other parts of the globe rather than having disappeared.28

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