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Capitalism and Its Critics
A Long-Term View

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The Concept

The concept 'capitalism' is much younger than the historical reality it denotes. While 'capital' and 'capitalist' are older, the noun 'capitalism' did not emerge until the second half of the nineteenth century. The French socialist Louis Blanc used it in 1850, and defined it critically as 'appropriation of capital by some, to the exclusion of others.' In 1872, the German socialist Wilhelm Liebknecht railed against capitalism as a 'juggernaut on the battlefields of industry'. And in Britain, the Fabian John A. Hobson, a critic of imperialism, was one of the first to use the concept in the 1890s. However, it was not long before 'capitalism' moved beyond its initially critical and polemical use, becoming a central concept in the social sciences. German authors such as Albert Schäffle, Werner Sombart, Max Weber, and – in a Marxist tradition – Rudolf Hilferding, contributed much to this. Karl Marx had written a great deal about the 'capitalist mode of production' and 'capitalist accumulation', but he rarely used the noun 'capitalism', and if so, somewhat marginally.¹

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Although 'capitalism' did not become a broadly used concept until the second half of the nineteenth century, those who have been using it ever since did not doubt that it could also be applied to phenomena in periods of the past before the concept existed. In the form of *merchant capitalism*, capitalism already existed in the first millennium of our calendar, for example in Arabia, China, and Europe, though mostly just in the form of capitalist islands in a sea of predominantly non-capitalist relationships. In the form of *finance capitalism*, capitalism has existed since the high-medieval period in some parts of Europe, beginning in Northern Italy, and later moving its centre to Antwerp, Amsterdam, and London. In the early modern period, West and East European *agrarian capitalism* as well as *plantation capitalism* overseas shaped our image of capitalism as a system of repressive domination and exploitation, even violence. All of this happened before *industrial capitalism* – starting first in England in the eighteenth century, then in Europe and North America – became the decisive driving force of capitalist expansion globally. In the present era of globalization, these different types of capitalism coexist and interact.

Such a view presupposes a definition of capitalism that is *narrower* than market economy in general, but *broader*

than industrial capitalism based on wage work *en masse*. I want to emphasize decentralization, commodification, and accumulation as basic characteristics of capitalism. On the one hand, it is essential that individual and collective actors make use of (property) rights that enable them to make economic decisions in a relatively autonomous and decentralized way. On the other hand, markets serve as the main mechanisms of allocation and coordination; commodification permeates capitalism in many forms, including the commodification of labour. Further, capital is central, which means utilizing resources for investment in the present with the expectation of higher gains in the future, accepting credit besides using savings and returns, dealing with uncertainty and risk, and aiming for profit and accumulation. Change, growth, and expansion are inscribed, however, in irregular rhythms, with ups and downs, interrupted by crises.

The history of capitalism critique is as old as the history of capitalism. In Europe at least, anti-capitalism has been strong over the centuries, but it has not impeded the dynamics and the rise of capitalism at all. From a bird's-eye view this lecture deals with the strange interplay between capitalism and its critique in Europe, from the medieval period until today.

Christian Morale and Medieval Expansion of Capitalism

‘It is easier for a camel to pass through the eye of a needle than for someone who is rich to enter the kingdom of God,’ quotes the Gospel of Mark (10:25). Through sermons, visual imagery, and scriptures, the moral doctrine of the Christian Church shaped the views of the educated as well as the mentalities of the broad population in medieval Europe. It is true that this doctrine could concede the useful role of merchants and the ethical value of work and property. It could also be interpreted very flexibly. However, in this doctrine the love of money is seen as a root of evil, and the conviction was predominant that the gains of one person would usually imply losses by others. Within this worldview there was much distrust of great wealth and the practices of merchants, which after all included credit-taking, profit-seeking, and competition. In the name of brotherly altruism and virtuous selflessness, Christian morals have distrusted the resolute orientation toward self-interest and have opposed certain capitalist practices, particularly money-lending for interest.

Certainly, this doctrine has been circumvented in many practical ways, and in many ways the Church

has positively contributed to the rise of markets and capitalist practices. Nevertheless, well into the sixteenth and seventeenth centuries, a disposition that was either sceptical of or hostile toward capitalism was dominant in Europe's theologies, philosophies, and theories of society. This scepticism was amplified by the Republican humanism of the Renaissance, with its reliance on the rediscovered Aristotle, and his claim to defend public virtues and values against particularized self-interest, private wealth, and corruption.²

The widespread distrust, moral rejection, and intellectual criticism, however, neither prevented nor perceptibly hindered the rise of capitalism in medieval Europe. Similar to other parts of the world such as Arabia, China, and South Asia – although a little later than there – merchant capitalism asserted itself in Europe. Long-distance trade was the leading sector, across the seas and over land in Asia. Merchants used kin-based, origin-based, ethnic and cultural ties in order to build trust, protect themselves against robbery and aggression, or to solve economic problems through non-economic means. Most of them were pious Christians. They must have shared the religiously-founded reservations about profit-seeking and accumulated wealth. Merchants

accommodated such prevailing attitudes, to some extent, by adopting a lifestyle and imagery compatible with religion, by donating heavily to charity, by creating foundations, and often also by making a 'final penance' in old age through large transfers of wealth to monasteries and churches.

At the same time they behaved as capitalists do, though within a basically non-capitalist environment. They were ready to accept high risks, they granted and received credit, they invested and competed with one another, and they strove for profit and accumulated wealth. Particularly when combining trading with banking, they could become very rich and influential. They used different legal forms for their projects and enterprises, both in the Roman Law and in the Common Law tradition. They invented new methods of transmitting, crediting, paying, and computing such as double bookkeeping *alla Veneziana*. Most projects and enterprises were limited in size and short-lived, but some were already multi-branch and multi-local enterprises, which sometimes survived the lifespan of their founders and were transferred to heirs and others. Merchants and bankers, frequently merchant bankers, were at the core of this very dynamic system.³

Compared with other parts of the world, especially China, merchant capitalism in medieval Europe had two characteristics that deserve to be emphasized. On the one hand, merchant capital, at some points and still to a very limited extent, transcended the sphere of distribution and penetrated the sphere of production. This happened both in mining, with its huge capital requirements and often quite extensive plant operations based on wage labour, and it happened in the cottage industries. Here and there, merchants began to exert influence over artisans and cottage workers – that is, over the producers of goods they intended to market – by advancing raw materials to producers, placing orders, and sometimes also providing tools. We find numerous examples of this in the history of the wool trade in northern Italy, Flanders, and Brabant, starting in the thirteenth century at the latest; an early form of what was later termed proto-industrialization. On the other hand, there were moves toward early forms of finance capitalism. From the outset, banking transactions contained elements of speculation. They were settled, to the extent that they arose, by merchants along the way. Specialization in financial business started, and banks began to emerge in North Italian cities after the twelfth century. There were

already eighty banks in Florence in 1350, some of them with several branches in a number of European countries. They used the money deposited with them for financing businesses of different types. In addition, they issued bonds to city governments, landed and manorial estates, and eventually also to the highest-ranking spiritual and worldly rulers of Europe, who were in constant need of money and found it difficult to wage their wars, fulfill their ceremonial obligations, and promote their territories' expansion. State formation and the origins of financial capitalism were closely connected, and this nexus enabled prosperous urban citizens, a small elite, to establish their influence on politics while simultaneously making their entrepreneurial success dependent on powerful rulers and their shifting political fortunes. This pattern continued in the following centuries.

It seems that European capitalism was not the first, but had already become particularly vigorous before 1500. Its dynamics were linked to – and conditioned by – the peculiar dynamics of Europe's political structure, which was defined by the plurality of competing and sometimes fighting political units, in contrast, for example, to China and its comprehensive empire. This pluralistic political structure offered European capitalists

particular incentives, opportunities, and influence⁴.

Business, Violence and Enlightenment: Capitalist Expansion in the Early Modern Period

European expansion into the rest of the world from the fifteenth century had many motives and driving forces, but the resources, ambitions, greed, and enterprising spirit of West European commercial and finance capitalists were, no doubt, among them. From the sixteenth to the eighteenth century, capitalism developed a new pattern: in overseas trade, in the colonies, and connected with this, in the economic life of Europe. A new symbiosis between business and violence characterized capitalism during those centuries, particularly outside Europe – but under the influence of European countries – as became evident in the many wars and raids, but also in the plantation system on the basis of unfree labour. Certainly, slavery was not a capitalist invention, but the capitalist plantation economy in Brazil, the Caribbean, and the southern regions of North America triggered a huge expansion of the slave trade and slavery. According to Marx, modern capitalism came into the world soaked in blood and filth, as a result of violence and suppression. This is only a half-truth historically,

but none the less a correct observation when one considers the connection between the rise of capitalism and colonization. This connection is currently intensively researched.⁵

Within Europe, capitalism continued its expansion into the world of production, which was accordingly reshaped. Think of the different types of agrarian capitalism in Western and Eastern Europe, think of mining and metal-producing industries, and think of the proto-industrial reorganization of cottage industry in most industrial regions of Europe. Productivity growth was one major consequence that decisively improved the life chances – and frequently the survival chances – of a rapidly growing population. However, new forms of inequality, dependence, and exploitation also followed, which could not be realized without some violence and many social conflicts.

The combination of merchant and finance capitalism with colonialism triggered innovations. The enterprise, a core element of capitalism in its process of consolidation, became more clearly profiled by gaining elements of a legal and institutional identity beyond the people who founded and managed it. The Dutch Vereenigde Oostindische Compagnie (the VOC, founded in 1602)

was just one, but a famous example among several firms founded for the purpose of colonial trade in a number of countries, especially in the Netherlands, England, and France. An impressive capital fund (6.5 million guilders) on the basis of shares, more than 200 shareholders with limited liability, power with a board of directors, sophisticated organization with a transnational and transregional reach, a central office in Amsterdam soon with about 350 employees, a diversified portfolio of trading activities including some production units, for example a spinning mill in India: a very modern corporation, indeed. However, it rested on the foundations of political privilege and was a monopoly with extensive quasi-governmental powers. The Dutch government had conferred on the VOC the right to operate all Dutch trading business east of the Cape of Good Hope, along with the authorization to wage war, conclude treaties, take possession of land, and build fortresses. The VOC executed these rights, often in armed struggle with competitors from other countries. The distinction between conducting capitalist business and waging war was fluid. There were years in which the company apparently drew the major share of its income from the seizure of competing or enemy ships.

The VOC held together until 1799, while its shareholders continuously changed. They could easily enter and leave the corporation because they could sell and buy their shares on newly emerging stock markets; in Antwerp from 1460, in Amsterdam from 1612, and in London from 1698, with a precursor from 1571. The shares of the monopoly companies engaged in colonial business represented a considerable proportion of the commercial papers traded on the stock exchanges. Capital increasingly became a commodity, and the speculative elements associated with it grew by leaps and bounds. Not only did the prospect of spectacular profits increase as a result, but also the danger of great losses. Both the opportunities and the perils soon affected not just a small number of professional capitalists, but also an increasing number of small and large investors from wide sections of the urban population in Western Europe. In the course of the seventeenth century they learned how to try their luck on the stock exchange, to bet, to invest, and to speculate, with prospects and dangers. The downfall of the English South Sea Company in 1720 was preceded by fully-fledged speculation mania. The British government had granted the company a monopoly on trade with South America, even including all the rights

to regions not yet discovered! The public expected huge gains. A run on shares set in, and the share price rose from 100 to 905 pounds within just one month. Broad segments of the population entrusted their money to the company and lost it when the bubble burst in the summer of 1720, and the share price went into free fall. Sir Isaac Newton was among the victims. He is supposed to have said: 'I can calculate the motions of erratic stars, but not the madness of the multitude.' The macro-economic and social consequences of such crises still remained quite limited. Yet, via stock market and speculation, larger segments of society got their first introduction to the hopes and disappointments, the gains and the losses that capitalism so abundantly held in store for them.

The rise of finance capitalism not only followed from the growing credit needs of trade and production through expansion. Rather, the services provided by banks were also requested by those in power; by city governments and ruling aristocrats, and later on above all, by the governments of the powerful territorial states just establishing themselves by competing and sometimes by fighting with one another. Step by step, the centre of transnational finance capitalism moved to Western Europe, first to Antwerp

and Amsterdam, then later to London. ⁶

In the Netherlands and in England particularly, capitalist principles affected social life beyond the economy, sociability, consumption, leisure activities, betting and sports, the relation between the sexes, and the distribution of political power. In the seventeenth and eighteenth centuries, the Netherlands and England were the most capitalist countries in Europe and, for that matter, the world. It is worthwhile to note that they were also the most prosperous countries and certainly also the most free in Europe, on the way to constitutional government and a dynamic civil society.

I have discussed the scepticism about trade and capitalism, and the anti-capitalist sentiments dominant in medieval Europe, under the influence of Christian moral doctrine and other factors. It was not so much the Reformation, but rather the Enlightenment that brought about a re-assessment in contemporary thinking about capitalism and its reputation, at least among intellectuals and probably beyond. Authors such as Grotius, Hobbes, Locke, and Spinoza worked at redefining the virtues of civil society with a secularizing thrust and informed by a concern for human rights, freedom, peace, and prosperity. In 1748, in a clear withdrawal from the old

European mainstream, Montesquieu praised trade as a civilizing force that contributed to overcoming barbarism, calming aggression, and refining manners. Other authors chimed in to the same tune, among them Bernard de Mandeville and David Hume, Condorcet, and of course Adam Smith – all of them West European thinkers. The common good, went the thrust of these arguments, is actually promoted by the reasonable pursuit of self-interest; the advantage of the one need not be to the disadvantage of the other. Commerce and morality were not locked into inevitable opposition. The market helped replace the war of passions with the advocacy of interests. Commerce was said to promote such virtues as diligence and persistence, uprightness, and discipline.

Overall, a fundamental affirmation of society's new capitalist tendencies was starting to emerge. It was expected not only that these tendencies would increase prosperity, but also that they would contribute to creating a new social order that was better for human cooperation, one without arbitrary state intervention, with respect for liberty and individual responsibility, and with the capacity for resolving conflicts through compromise instead of war. Certainly, these authors

did not use the concept 'capitalism'. Adam Smith wrote about 'commercial society'. However, basically this was a legitimizing vision of capitalism as a civilizing promise in the spirit of Enlightenment.

With regard to appreciation by intellectuals and to public opinion, capitalism had its best time in the second half of the eighteenth century. However, again there was a wide gap between reality and discourse; now between the deep contradictions of capitalist reality and its utopian idealization in terms of '*doux commerce*' and 'commercial society'.⁷

Industrial Capitalism and Classical Critique in the Long Nineteenth Century

I am jumping forward by one century. In Werner Sombart's and Max Weber's analysis of capitalism, for example, there was much confidence in the *economic* superiority and the *economic* rationality of capitalism. However, these authors no longer saw capitalism as a carrier of human progress, moral improvement, and civilizational uplift. On the contrary, liberals like Weber feared the increasing rigidity of the system that he anticipated would threaten human freedom by coercing economic actors to function according to its increasingly

compulsive rules of relentless competition and growth, or to drop out of the market altogether. Among conservatives as well as on the left, capitalism was seen as an irresistible force of erosion: custom was seen to be replaced by contract, *Gemeinschaft* by *Gesellschaft*, the traditional by the modern, and social bonds by the market. On the right, anti-capitalism frequently went hand in hand with anti-liberalism and anti-Semitism, particularly after the Great Depression of the 1870s. The socialist critique of capitalism was different, and the most powerful one. On the one hand, it attacked the exploitation of labour by capital, the increase in social inequality, the lack of a fair deal, and alienation and suppression in the workplace. On the other hand, it predicted the decline of capitalism due to its internal contradictions and its replacement by something new; namely socialism. Many of those who did not enjoy this perspective did not contest it either, but were fearful of its arrival.

The discourse of ascent and flourishing had largely been replaced by a discourse of fall and decline. This was the intellectual, mental situation in which the concept of capitalism emerged. It emerged, one might say, as a *concept of difference*. It was used to identify and critically

underline certain features of the present, in contrast to what it was thought to have been in previous times, and to what it might become under socialism in the future. The contrast with a selectively commemorated past and with an imagined future was constitutive for the emergence of the concept 'capitalism', and in a way this mechanism still works today when it comes to more basic discussions of capitalism.⁸

How can we explain this change in the evaluation of capitalism between the late eighteenth, late nineteenth, and early twentieth century; this change of mood from appreciation to criticism? Let me pick out three relevant issues.

1. While Adam Smith had known capitalism before industrialization, nineteenth-century capitalism mainly spread in the form of industrial capitalism, based on the factory system and wage labour *en masse*. Now the capitalist principle of commodification was fully extended into the sphere of work and labour, to the activities of human beings on a grand scale. Work relations were becoming capitalist, which meant that they became dependent on changing market mechanisms, subject to ever stricter calculation, and subordinated to supervision by employers or managers. At the same time, industrial

wealth was accumulated to an unprecedented degree, due to an increasing need for large-scale fixed capital in mines, factories, railways, and other institutions of industrial capitalism. As a consequence, wealth differences became more visible, and stricter controls of profitability over time were felt to be needed and were practised by employers and managers. The class difference had been built into capitalism as a potentiality from the start; now it became more manifest. It could be directly experienced, widely observed, and critically discussed. This was the constellation – industrial capitalism with the factory system, large-scale capital accumulation, and wage labour as a mass phenomenon – which served as the empirical base for the classic narratives of Marx and Engels, and for the rise of labour movements critical of or hostile to (basic elements of) capitalism.⁹

2. Innovation. Technological and organizational innovation became much more important, frequent, and regular under industrial capitalism than ever before. In other words, what Joseph A. Schumpeter would later call ‘creative destruction’ became the rule and a widespread experience. Factories pushed aside cottage work in the spinning of yarn and the weaving of cloth. Steamships replaced traditional forms of transportation on rivers,

canals, and oceans. Producers of electrical installations gained superiority over the providers of gas-powered lighting. This was a process opening up new opportunities to many and new roads towards success, but there were also numerous losers at the same time. Ascent and decline are mechanisms anchored right at the core of capitalism. Permanent competition, sustained insecurity, and threatening dangers were institutionalized; and resented. There were many losers. All of this came in cycles, with ups and downs, booms and busts. Nineteenth-century crises impacted on *large* segments of the populations. The crises helped to delegitimize capitalism and increase anti-capitalist resentment.¹⁰

3. There was a rise in expectations. Partly as a precondition and partly as a consequence of capitalist industrialization, previous patterns of social control were loosened, the standard of living was raised, fast historical change was experienced, and human affairs appeared – in fact proved – to be changeable. The level of education was raised, and public spaces emerged in which intellectuals and the media played a dynamic, frequently a critical, role. As a consequence, people became less patient, more demanding, and more critical. In a way, capitalism's critique followed from capitalism's

success; something analyzed by Joseph Schumpeter and Albert Hirschman as capitalism's propensity to undermine itself.

All of this had surfaced by the end of the nineteenth and the start of the twentieth century, very much in contrast to the period of Adam Smith. While capitalism developed its strengths and powerfully expanded – both internally (into different spheres of life) and externally (towards different parts of the world) – its image darkened, its evaluation became increasingly pessimistic, and its past and its present were heavily criticized.

The Present Situation

Since then another century has passed, which has brought deep changes different from what Max Weber and his contemporaries had expected. There have been far-reaching technical and organizational innovations, the digital revolution of recent decades among them. There has been an unprecedented expansion and differentiation of consumption, including mass consumption, but also pronounced socio-economic inequality which, within our societies, has started to grow again since the 1970s. In this 'century of extremes' (Eric J. Hobsbawm), people in Europe and elsewhere

have experienced unprecedented social, political, and cultural upheaval, somehow related to capitalism, largely initiated by Europeans, but impacting on most other parts of the world as well, among them the deep crisis of capitalism in the interwar period facilitating the rise of fascism and World War II.

We have experienced the rise of a powerful, anti-capitalist alternative: the Soviet type of state socialism, which radicalized the rejection of capitalism in a very practical and effective way for decades, before it lost out in a worldwide conflict and imploded. Particularly in Europe, coordinated, organized, regulated forms of capitalism were invented and made concrete with the help of organized interest groups, including organized labour, and with the welfare state as its centrepiece. The beginnings of ‘organized capitalism’ – others prefer to speak of ‘coordinated capitalism’ or the ‘Keynesian welfare state’ – can be traced back to the late nineteenth century and World War I, but it really flourished in the third quarter of the twentieth century, when it proved to be very compatible with representative democracy. However, it has been questioned (though not at all destroyed) under the more market-radical, ‘neo-liberal’ auspices of more recent decades, which have been

characterized by a disproportionate rise in finance capitalism and ‘financialization’.

In the latter part of the twentieth and the early twenty-first century, globalization – understood as increasing interdependence, not as increasing convergence – proceeded with accelerated speed, across borders between countries and world regions; conditioned by and affecting large parts of capitalism that have become more transnational and global than ever before. This poses an unresolved problem for any form of regulation and coordination of capitalism by political means, since political power is still largely vested in competing national states (the criticism of capitalism and the criticism of globalization are nowadays intrinsically mixed). The global dimension of present-day capitalism dramatically increases its destructive impact on the natural environment including climate – a problem largely absent in previous centuries.¹¹

More and more authors find the concept ‘capitalism’ useful, in one way or another. There are authors who use the concept of capitalism with clearly positive overtones, for example economists in the tradition of the Chicago School. Take the late Gary Becker as an example, who wrote: ‘Capitalism with free markets is the most effective

system yet devised for raising both economic well-being and political freedom.' In popular literature too, the term 'capitalism' is used in an affirmative sense.¹² There are also numerous examples of a primarily analytical, 'neutral' use of the concept, such as in the long and ongoing debate by economists and political scientists about 'varieties of capitalism.' In this debate, we usually distinguish between types of capitalism according to different relationships between market and state, ranging from a relatively market-radical model, especially in the U.S., to state-capitalist forms, especially in East Asia, with different forms of coordinated or organized capitalism in combination with strong welfare state elements in the middle, especially on the European continent.¹³

Anyone who takes a serious look at the history of capitalism and, moreover, knows something about life in centuries past that were either not capitalist or were barely so, cannot but be impressed by the immense progress that has taken place in large parts of the world (though not everywhere). In spite of its very unequal distribution, this progress has also impacted on the broad masses of people who did not and do not belong to the elites and well-situated upper strata; with regard to material living conditions and everyday life, gains

in lifespan and health, opportunities for choice, and freedom.¹⁴ It was progress of which one might say, in retrospect, that it would presumably not have happened without capitalism's characteristic way of constantly stirring things up, pushing them forward, and reshaping them. To date, alternatives to capitalism have proven inferior, both with regard to the creation of prosperity and to the facilitation of freedom.

Nevertheless, particularly in Europe the concept continues most frequently to be used with sceptical or pessimistic overtones, in a spirit of criticism or at least of ambivalence, and with much sensitivity for the dark sides of capitalism's record. There are notable continuities in the criticism of capitalism. Take the Catholic social teaching as an example, with its critique of the 'idolatry of the market' and its rejection of 'radical capitalist ideology' (*Centesimo Annus*, the papal encyclical of 1991). The current pope, undoubtedly against the background of his experiences of countries from the Global South, has again intensified the tone of the Catholic critique.¹⁵ Other examples of critical continuities can be found in different currents of (what can be called) totalizing anti-capitalism that rejects 'capitalism' as the epitome of (Western) modernity or as the outright embodiment

of evil. This type of fundamentalism is hard to discuss.¹⁶ Now, as in the nineteenth and twentieth centuries, criticism of capitalism can be raised from standpoints on the political left – for example by rejecting inequalities and dependencies coming with capitalist relations – or from standpoints on the political right, for example with anti-liberal, anti-cosmopolitan, nativist implications. Politically, *Kapitalismuskritik* is polyvalent and ambiguous.

Some critiques of capitalism that were once at the centre of attention have moved to the margins. This is true for the classical Marxist critique of capitalism as the site of the alienation of labour and of the immiseration of the working class. In most economically developed parts of the world, the ‘labour question’ has ceased to have the explosive and mobilizing effects it used to display in the nineteenth and first part of the twentieth century. Nevertheless, at the global level it deserves to be rediscovered, given the massive spread of so-called ‘informal labour’ under conditions of capitalist exploitation in the Global South.¹⁷

Other topics have moved to the foreground. Concrete abuses are denounced, such as ‘structured irresponsibility’ in the financial sector. That lack of

accountability has led to a widening gap – incidentally, in violation of one of capitalism’s central premises – between deciding, on the one hand, and answering to the consequences of decisions, on the other. It has become easier to enjoy tremendous gains privately while externalizing and socializing losses when they occur (‘too big to fail’).¹⁸ Moreover, the contemporary critique of growing inequality as a consequence of capitalism is becoming ever more urgent. Here, public discussion has focused on the kind of inequality of income and of wealth distribution that since the 1970s has become much more severe *inside* most individual countries; there has been less interest in the much more serious inequality that exists between countries and regions of the globe. The latter grew immensely between 1800 and 1950, but no longer after that. Lamenting the growth of inequality blends into protest against infringements on distributive justice, which is how the critique becomes systemically relevant.¹⁹ Criticism is made of the discrepancy between, on the one hand, the claim of democratic politics to shape our common destinies according to democratic principles and procedures, and on the other the dynamic of capitalism that evades democratic politics. The relationship between capitalism and

democracy continues to be a much-discussed theme.²⁰ Also lamented are the perennial insecurity, unrelenting acceleration pressures, and extreme individualization that are inherent to capitalism and that may lead, in the absence of countermeasures, to the erosion of social welfare and neglect of the public interest. Similar, in the way it poses fundamental questions, is the critique of capitalism's intrinsic dependence on permanent growth and constant expansion beyond the attained status quo – a dependence that threatens to destroy natural resources (the environment and climate) and cultural resources (solidarity and meaning). These are resources that capitalism needs in order to survive, but that it increasingly exhausts and destroys.²¹ This, in turn, raises the urgent question of where the limits of the market and of venality lie, or where – on moral or practical grounds – they should be drawn. The historical overview offers strong arguments for the case that there is a need for such boundaries: that capitalism, in other words, cannot be allowed to permeate everything, but that it needs non-capitalist abutments in society, culture, and the state.²²

Certainly, there are those who defend capitalism in the public debate. They have good arguments, which demonstrate its achievements, its alliance with progress,

and its beneficial effects over the centuries. However, by and large the critical, sceptical, pessimistic arguments, connotations, and overtones dominate – particularly since the Great Recession of 2008 – both in public debates and in relevant parts of the social sciences, at least in Europe. Writings about ‘postcapitalism’ are selling well, nowadays with frequent references to the impact of digitalization and the inclination to predict the imminent end of capitalism as we have known it.²³ With changing arguments in detail, this type of literature has a long tradition.

At any point in time, very different and even contradictory assessments of capitalism have coexisted or competed, which is why it is hard to generalize. If we do nevertheless generalize, we may conclude that over the centuries in Europe the rise, the breakthrough, and finally the triumph of capitalism have taken place in an intellectual and mental climate of pronounced *Kapitalismuskritik*, or criticism of capitalism. If this conclusion is correct, one may wonder why these sceptical and critical sentiments and convictions have not hindered or handicapped the real rise of European or European-sponsored capitalism more than is apparently the case. An achievement with a bad conscience? A

typical contradiction between basis and superstructure?
A century-old hypocrisy not unknown in the
history of public morale and noble principles?
A European *Sonderweg*?

One can add a more constructive hypothesis and hold that the widespread criticism of capitalism has contributed to its permanent change and reform over the centuries. One could show in detail that ideas and discourses of *Kapitalismuskritik*, once they managed to be translated into social and political energy, have led to reforms that improved and civilized capitalism, making it more compatible with human needs. This has enhanced its social acceptance and ultimately its capability to survive. It is neither guaranteed nor excluded that this mechanism will continue to work in the future.

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⁵ For example in E.E. Baptist, *The Half Has Never Been Told: Slavery and the Making of American Capitalism* (New York, 2014); Sven Beckert and Seth Rockman (eds), *Slavery’s Capitalism: A New History of American Economic Development* (Philadelphia, 2015); Karl Marx, *Das Kapital. Kritik der politischen Ökonomie*, Marx/Engels Werke, vol. 33 (Berlin, 1962), p. 788.

⁶ Last paragraphs based on Kocka, *Capitalism*, pp. 54-83; C.P. Kindleberger and R. Aliber, *Manias, Panics and Crashes: A History of Financial Crises*, 5th edn (Hoboken/NJ, 2005), pp. 42, 58; P. Kriedte et al., *Industrialization before Industrialization: Rural Industry in the Genesis of Capitalism* (Cambridge, 1981).

⁷ Albert O. Hirschman, *Rival Views of Market Society and Other Recent Essays* (Cambridge/MA, 1992) pp.105-141, esp. 106; on changing views in the eighteenth century: J. Appleby, *The Relentless Revolution: A History of Capitalism* (New York, 2010), pp. 87-120; on changing cultural practices in England: Christiane Eisenberg, *The Rise of Market Society in England*,

1066-1800 (New York, 2014), pp. 73-100.

⁸ On the temporal structure of capitalist practices and debates about capitalism: Jens Beckert, *Imagined Futures. Fictional Expectations and Capitalist Dynamics* (Cambridge/MA, 2016). On Max Weber's notions of capitalism: Max Weber, *Economy and Society: An Outline of Interpretive Sociology*, ed. by Guenther Roth and Claus Wittich (Berkeley/CA, 1978), reprinted 2013, pp. 63-166, 351-54, 1094-110; Max Weber, *General Economic History*, trans. Frank H. Knight (Glencoe/IL, 1927), reprinted 1950, pp. 275-369; Werner Sombart, *Der moderne Kapitalismus*, 3 vols, 2nd edn (Munich and Leipzig, 1919), pp. 1924-1927.

⁹ With reference to the German case: Jürgen Kocka, *Arbeitsverhältnisse und Arbeiterexistenzen: Grundlagen der Klassenbildung im 19. Jahrhundert* (Bonn, 1990); id., *Arbeiterleben und Arbeiterkultur. Die Entstehung einer sozialen Klasse* (Bonn, 2015).

¹⁰ Joseph A. Schumpeter, *Capitalism, Socialism, and Democracy*, 2nd edn (New York, 1947), pp. 81-86 ('creative destruction').

¹¹ The concept 'organized capitalism' goes back to Rudolf Hilferding. See his *Das Finanzkapital* (Vienna, 1910). The concept was successfully tried out for purposes of historical analysis: Heinrich August Winkler (ed.), *Organisierter Kapitalismus: Voraussetzungen und Anfänge* (Göttingen,

1974). Also see Colin Crouch, *Industrial Relations and European State Tradition* (Oxford, 1993). Relevant debates in the U.S. are analyzed in H. Brick, *Transcending Capitalism: Visions of a New Society in Modern American Thought* (Ithaca/NY, 2006). On the movements away from ‘organized capitalism’ in many Western countries since the 1970s/1980s: Claus Offe, *Disorganized Capitalism: Contemporary Transformation of Work and Politics* (London, 1985); P. Mirowski and D. Plehwe (eds), *The Road from Mont Pèlerin: The Making of the Neoliberal Thought Collective* (Cambridge/MA, 2009); G.R. Krippner, *Capitalizing on Crisis: The Political Origins of the Rise of Finance* (Cambridge/MA, 2011); Ivan T. Berend, *An Economic History of Nineteenth-Century Europe* (Cambridge, 2013); Jürgen Osterhammel and N.P. Petersson, *Globalization: A Short History* (Princeton/NJ, 2009).

¹² G.S. Becker and G.N. Becker, *The Economics of Life: From Baseball to Affirmative Action to Immigration. How Real-World Issues Affect Our Everyday Life* (New York, 1997); J. Mackey, *Conscious Capitalism: Liberating the Heroic Spirit of Business* (Cambridge/MA, 2013).

¹³ Cf. P.A. Hall and D. Soskice (eds), *Varieties of Capitalism: The Institutional Foundations of Comparative Advantage* (Oxford, 2001); B. Amable, *The Diversity of Modern Capitalism* (Oxford, 2003); R. Dore, *Stock Market Capitalism, Welfare*

Capitalism: Japan and Germany versus the Anglo-Saxons (Oxford, 2000).

¹⁴ Usefully summarized in J. L. Van Zanden et al., *How Was Life? Global Well-Being Since 1820* (Paris, 2014).

¹⁵ Andrea Tornielli and Giacomo Galeazzi, *This Economy Kills: Pope Francis on Capitalism and Social Justice*, (Liturgical Press, 2015).

¹⁶ Examples can be found in C. Tripp, *Islam and the Moral Economy: The Challenge of Capitalism* (Cambridge, 2006), though such totalizing condemnations of capitalism are also not unknown in the West.

¹⁷ Marcel van der Linden, *Workers of the World: Essays Toward a Global Labor History* (Leiden, 2008); J. Breman, *Outcast Labour in Asia: Circulation and Informalization of the Workers at the Bottom of the Economy* (Oxford, 2012); Andreas Eckert, 'Capitalism and Labour in Sub-Saharan Africa', in Jürgen Kocka and Marcel van der Linden (eds), *Capitalism. The Reemergence of a Historical Concept* (London, 2016), pp. 165-185.

¹⁸ C. Honegger et al. (eds), *Strukturierte Verantwortungslosigkeit: Berichte aus der Bankenwelt* (Frankfurt, 2010).

¹⁹ Cf. A.B. Atkinson, *Inequality. What Can be Done?* (Cambridge/MA, 2015); Thomas Piketty, *Capital in the Twenty-first Century* (Cambridge/MA, 2014); Branco

Milanovic, *Global Inequality. A New Approach for the Age of Globalization* (Cambridge/MA, 2016).

²⁰ Jürgen Kocka, *Capitalism is not Democratic and Democracy not Capitalistic. Tensions and Opportunities in Historical Perspective* (Florence, 2015); Jürgen Kocka, 'Kapitalismus und Demokratie. Der historische Befund', *Archiv für Sozialgeschichte* 56 (2016), pp. 39-50: Capitalism has existed and flourished under different political systems. There is scope for political choice and shaping. Much depends on the political orientations and energies a community can mobilize.

²¹ For example Naomi Klein, *This Changes Everything. Capitalism vs. the Climate* (New York, 2014); Jürgen Renn and Bernd Scherer (eds), *Das Anthropozän. Zum Stand der Dinge* (Berlin, 2015); Michael Mann, 'The End May Be Nigh, But for Whom?', in Immanuel Wallerstein et al. (eds), *Does Capitalism Have a Future?* (Oxford, 2013), pp. 71-97. On p. 94 Mann convincingly puts the relationship between capitalism and climate change in a much broader and more complex perspective: 'The three great triumphs of the modern period – capitalism, the nation-state, and citizen rights – are responsible for the environmental crisis.'

²² In this respect there is something to be learned from very different authors such as Karl Polányi, *The Great Transformation* (New York, 1944); Schumpeter, *Capitalism*;

M.J. Sandel, *What Money Can't Buy: The Moral Limits of Markets* (New York, 2012).

²³ Wolfgang Streeck, 'How will Capitalism End?', *New Left Review* 87 (2014), pp. 35-64; Jeremy Rifkin, *The Zero Marginal Cost Society: The Internet of Things, the Collaborative Commons, and the Eclipse of Capitalism* (New York, 2015); Paul Mason, *PostCapitalism: A Guide to the Future* (London, 2016).

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