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Commerce in Braudel and the Marxists

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July 2009

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MPRA Paper No. 21054, posted 04 Mar 2010 03:34 UTC

Part 9 of 13:
“Commerce in Braudel and the
Marxists”

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*Bourgeois Dignity and Liberty:
Why Economics
Can't Explain
the Modern World*

[Vol. 2 of The Bourgeois Era]

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Version of July, 2009

To Readers: The argument is, I fancy, complete, but some details in footnotes and references, and occasionally matters of routine calculation in the main body, need to be cleaned up.

Abstract: “Commercialization” and “monetization” dance with stage theories from Smith to modern growth theory. The sheer growth of traded or the sheer growth of money, though, do not an Industrial Revolution make. The ill-named “Price Revolution,” for example, came from American gold, not from population increases, and did not inspire innovation.

Commercialization comes from falling transaction costs, which should be directly studied. Fernand Braudel, however, argued for commercialization as a force transforming “capitalism.” He distinguished “capitalism” from local trade, which no economist would, and assigned blame to the capitalists. Though hardly a Marxist, he---like a brilliant group of leftish economists such as Marglin and Lazonick---puts emphasis on the struggle over the spoils. But it was not such struggles that made the modern world. It was the positive sum arising from innovation.

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Chapter 22:

It was Not the Sheer Quickening of Commerce

A perennial candidate for The Cause is “commercialization” and its *doppelganger* “monetization.” The words dance with stage theories, such as Smith’s or Marx’s, or with modernization theory’s like Weber’s or Simmel’s, or now with the neo-stage theories of the economists’ growth theory. Like the rising middle class, the scope of commerce and money is always supposed to be rising, almost regardless of the period of prosperity considered. An economic historian, though, can tell you that the European economy, like the Greek or the Chinese or the Egyptian, has always been “monetized.” The calculative bent that is supposed to have arisen recently was in fact characteristic of all the mercantile or bureaucratic civilizations, that is, all cultures engaging in trade or taxation, at any rate among the traders, tax collectors, and temple priests themselves (admittedly, the extension of a quantitative rhetoric to ordinary people, not already merchants, was a characteristic part of the Bourgeois Revaluation). You can see thoroughly monetized thinking in Walter of Henley’s treatise on estate management in the late thirteenth century as much as in courses on financial accounting at the Henley Business School in the early twenty-first century. The accounting is less sophisticated earlier, but among economic sophisticates early and late the counting

in money ruled. In the European Middle Ages one could buy almost anything for cash – a husband, a marketplace, a kingdom, pardon for crimes, fewer years in purgatory. “But with these relics,” says Chaucer of the Pardoner selling papal indulgences, “when he found/ A poor person dwelling on the land/ Within a day he got out of him more money/ Than the person got himself in two months.”¹ In West African kingdoms in the seventeenth century, as in seventeenth-century Virginia, people were for sale. Buyers and sellers in all ages thought in terms of money, and there have always been buyers and sellers.

Somewhat surprisingly viewed from outside economics, an economist will tell you, therefore, that the history of money is not the same thing as the history of prosperity, and has nothing to do with industrialization. Non-economist historians suppose for example that a new industrial economy must have arisen from Spanish silver flowing into Europe and China in the so-called Price Revolution (whose rate of inflation, by the way, was a mere 2 percent a year: some “revolution” – during the 1970s and 1980s worldwide inflation was 8 percent per year, which meant that a doubling of the price level happened in one fourth of the time it took in the sixteenth century). After all, a commercial economy is about money, isn't it? And surely the Price Revolution *caused* falling real wages, and therefore higher profits for proto-capitalists, because “wages always lag behind prices.” And indeed the Price Revolution itself must have been caused by rising population, which drove up food prices?

¹ Chaucer, “General Prologue” to *The Canterbury Tales*, ll. 701-704.

The economist replies gently to all these indignant questions: no, dear. In her view – admitting its strangeness, though affirming its truth – the form and volume of money is largely irrelevant to deeper economic currents. Money, the economist says, is a veil. What matters for real enrichment, she continues, are real, not monetary, magnitudes: real output, real wages, relative prices, real innovations in the way things are made. We eat pounds of meat, not dollars worths. If the price of meat increases by a factor of four, as it did in the truly great inflation of the 1970s and 1980s (the fastest worldwide in history, putting ancient and early modern inflations in the shade) we are startled if we keep remembering prices back in the good old days. We are sticker shocked. But if meanwhile our money incomes have increased also by a factor of four, then in truth we are no worse off. We get the same poundage of meat for the same sacrifice of hours of work or checks from our pensions.

It is often alleged that the Price Revolution was caused by increasing population. “No,” says the economist, now vexed, “for Lord’s sake, no!” To be sure, population growth in Europe during the fifteenth and sixteenth centuries made labor less valuable relative to land, which is why real wages fell. You can visualize it as more agricultural workers showing up at the farmer’s gate in the morning looking for work. He says, “All right. I’ll take more of you, but will set you to work doing less urgent tasks at lower wages relative to the price of the barley that I sell. Ned, we’ll do some additional harrowing on the Church Field. John, go chase the crows away from the Nether Field.” The technique of making things did not improve. On account of the falling price of labor relative to land the economy used a different recipe. Labor substituted for land. More

labor on the acreage was the right recipe for a newly labor-rich economy. But was not itself an innovation in the book of recipes – not clover in the fields (Holland and East Anglia in 1300), not mechanical harvesting (Illinois in the 1830s), not hybrid corn (Iowa in the 1950s).

Yet the amount of silver and gold money had nothing to do with the falling ratios of money wages to money prices, which is the falling *real* wage. There were shillings on both sides, which cancel out. Rising population did cause the real price of grain to rise, but a rising relative price of grain, one commodity among many, and a land-intensive one, would not be the cause of the Price Revolution.² When the otherwise very insightful Joyce Oldham Appleby casually mentions the sixteenth century's "inflation caused by high food prices" the economist grits her teeth.³ Relative prices, the economist argues, have nothing to do with absolute, money prices. One could equally well argue that if population had instead declined, and the price of labor-intensive goods like cloth had therefore risen relative to grain, then *that* would have caused an "inflation." So, in such a fractured logic, *everything* causes inflation. Every change in relative prices, wheat against cloth, up or down, makes prices in general relative to silver higher. Evidently something is wrong. The *reductio* shows that using relative prices to talk about general inflation is not possible. (Admittedly, the talk is common in fact: even some economists think that a

² I have not been able to persuade over a few decades of trying the otherwise very canny Jack Goldstone, as in Goldstone 2002a: "The combination of sustained population growth since the fading of the plague circa 1450, plus a vast infusion of silver, have combined to raise prices in a dizzying spiral; taxes have not kept pace, weakening these regimes." The population growth would have lowered prices, not increased them. And the "dizzying spiral," I have noted, was a mere 2 percent per year, hardly fast enough to make it even mildly difficult for taxes or rents to "keep pace." Something growing at 2 percent takes fully 36 years to double.

³ Appleby 1978, p. 27.

rise in, say, oil prices relative to bricks is especially inflationary. Talk of a “core” rate of inflation is of this character, embodied in official if illogical declarations monthly from the Bureau of Labor Statistics⁴.)

In fact rising population in the sixteenth century, supposing for a moment that it was all that happened (there was after all that notable rise in the amount of silver and gold from the New World, and silver from Central European mines, and debasements of coinage by needy governments at the same time), would have forced an existing stock of silver and gold to do more work in transactions. The only way that could be accomplished is by *reducing* the amount of money needed to buy bread – a great deflation, not an inflation.⁵ If population is supposed to be the driving force it would have driven prices not up, but down.

* * * *

And for some of the same reasons the economist is suspicious of the story of “monetization.” As in the stories of foreign trade or stories of environmental disaster or stories of institutions of property rights, the story gets part of its plausibility from imagining a world bereft. Suppose we had *no* trade? Suppose we had *no* trees? Suppose we had *no* means of effecting a deal? Suppose we had *no* private property? But in all cases the relevant historical question is what would happen with a little more or less

⁴ For the argument against “core” inflation see Ritholtz 2007, and for a defense of it DeLong 2007. DeLong argues that food and fuel prices typically have fluctuations that are “self-correcting,” and therefore should not be the object of monetary policy. One wonders why other *relative* prices are not also self-correcting.

⁵ McCloskey 1972b.

foreign trade, or trees, or means of payment, or property rights. The answer in the case of “monetization” is that it seems implausible on its face that *highly* advantageous trades were made impossible by an absence merely of a convenient and modern-looking means of payment, such as stably supported pounds sterling, or Spanish coins. The economic logic is that when an advantageous deal is to be made between a peasant offering wheat or rice and a town-dweller offering pottery or cloth, both sides have a large incentive to make it happen, somehow. In historical fact they figure out some way to make the payment – in iron bars, say, or cowry shells, or cloth itself, or rice itself. The abundance and therefore the convenience of a means of payment is a secondary matter. It matters, but not much. If copper or cowry shells are rare, their relative price goes up, which is to say that deflation occurs. So what? The deals still get made. To put the point in economic jargon, the means of payment is endogenous, generated by economic forces internal to the deals made. “Monetization” is not some manna dropping from the skies to nourish baby capitalists.

True, commerce expanded. The quarrel is with the common view that “commercialization” is some force outside the deal-making of individuals. The historian of China Peter Perdue, for example, speaks of “monetization” and “commercialization” of the Ming and then the Xing economy.⁶ What such an expansion means, however, is that more deals were made. The desire to make deals did not change, as Perdue on reflection would certainly affirm. What changed was the ease of making them – and as I said that is normally a secondary consideration. As Weber put it, recall, “the impulse to

⁶ Perdue 2005, p. 560.

acquisition, pursuit of gain, of money, of the greatest possible amount of money, . . . has been common to all sorts and conditions of men at all times and in all countries of the earth, wherever the objective possibility of it is or has been given." What changed were "transaction costs," in the phrase of the great economist Ronald Coase (1910-), that is, the costs of getting together to make a deal – transportation costs, the costs of robbers on the highway or in the market, the costs of trust, the costs of insurance, the costs of using credit, the costs of getting coins and bills, the costs of negotiation, the costs of taboo, the costs of sneering at the bourgeoisie. All these make deals more expensive, and many of them are directly measurable. When such costs fall, "commercialization" takes place. What the economist and historian Douglass North got right (amongst a good deal that he got wrong) is that we should focus on the history of the transactions costs – about which there is ample documentation – and cease believing that there is something separately measurable "spreading" to make people and their taxing governments rich, called "commercialization" or "monetization" (neither of which, by the way, are technical terms in economics, though they sound like they are). That's what wrong with the way most historians think about the matter.

What's wrong with the way most economists think about the same matter comes from a different intellectual taste. Economists want the modern world to come out of the expansion of what they understand, commerce. Modern growth theorists in particular are entranced by endogenous theories in which growth leads to growth. Voila! No need for culture or history. A recent example among scores of such hopeful arguments is provided by Klaus Desmet and Stephen Parente, "The Evolution of Markets and the

Revolution of Industry: A Quantitative Model of England's Development, 1300-2000.”

They write:

This paper argues that an economy's transition from Malthusian stagnation to modern growth requires markets to reach a critical size, and competition to reach a critical level of intensity. By allowing an economy to produce a greater variety of goods, a larger market makes goods more substitutable, raising the price elasticity of demand, and lowering mark-ups. Firms must then become larger to break even, which facilitates amortizing the fixed costs of innovation. We demonstrate our theory in a dynamic general equilibrium model calibrated to England's long-run development and explore how various factors affect the timing of takeoff.⁷

If you like this sort of thing, I can supply you with the names of dozens of economics journals devoted to it. The trouble is that the largest markets in the world 1300-1700 – which is the relevant era for the beginning of all this – with the largest critical size and the greatest variety of goods and lowest markups and the highest amortization of the costs of innovation – were in China and India and points a little east and west of the Indian Ocean. The smallest markets in the Eurasia were European. And the expanding markets 1700-2000 were world-wide, not English. And yet England alone started it.

* * * *

Fernand Braudel's astonishing product of his old age, “Civilization and Capitalism, 15th-18th Century,” and especially volume 2, *The Wheels of Commerce*, is the

⁷ Desmet and Parente 2009, abstract.

most full exposition of the idea by a historian that the modern world came naturally out of the sheer expansion of commerce. Throughout *Wheels* Braudel admires markets, yet disdains people he calls "capitalists." It gradually becomes clear that what he means by a "market" is the routine provisioning of a society. One goes to the Noorderkerk market on Saturday in Amsterdam expecting to buy cheese or broccoli for a little less than what is charged by the two Albert Hijn supermarkets nearby. One does not expect enormous savings, and neither do the stall owners expect enormous profits. The provisioning is routine, and the profits as Alfred Marshall put it in *Principles of Economics* (1890) are "normal."

Braudel argues that peddlers 1100-1789 slowly become shop keepers and that the merchant fairs such as Champagne's slowly became warehousing entrepôts like Genoa or Amsterdam. (A long time ago an American professor of history somewhat uncharitably compiled the undergraduates' exam-time versions of these events: "After a revival of infantile commerce slowly creeping into Europe, merchants appeared. Some were sitters and some were drifters. They roamed from town to town exposing themselves and organized big fairies in the countryside."⁸) Such developments, Braudel says, were routine matters of population density and the cost of transport. Before Germany's population boomed in the sixteenth century, the economical way to sell ribbons to Germans was by peddling, drifting from village to village or farm to farm in the style of *Oklahoma* or Chaucer's wandering merchant. Denser population of course makes it worthwhile for a peddler to settle in town, and become a sitter rather than roaming

⁸ Henriksson 1983.

around exposing himself. The fairs of medieval times developed into the warehouses in Amsterdam of early modern times – which were able, Braudel reports, to hold nine years worth of Dutch grain consumption, had that been their main use (it was not: it was to hold the consumption of grain, lumber, cloth, spices for the next few months of all of the lands near the Rhine and the Meuse). In 1650 an English writer exclaimed about the mystery of Dutch success: “The abundance of corn grows in the East Kingdoms [Poland], but the great storehouses for grain to serve Christendom and the heathen countries (in time of dearth) is in the Low Countries. The mighty vineyards, and store of salt, is in France and Spain, but the great vintage [of casked or bottled wine] and [the] staple [marketplace] of salt is in the Low Countries.”⁹ The warehousemen – the great merchants of Holland – were able to settle down on the Herengracht, and not dust their feet in twenty fairs a year, because the Dutch *fluyt*, broad of beam and light of crew, cut costs of shipping between the Baltic and the North Sea. Such changes were reversible. The Thirty Years' War cut the population of Germany by a third and the peddlers once more hit the road. Over the longer run the little retail peddlers and the big wholesale merchants settled down, and no "capitalist" profit ensued.

By contrast to the honest cheese vendor by the Noorderkerk, or by contrast for that matter to the honest if more fancy and more convenient and more expensive Albert Hijn on Haarlemmerdijk, a "capitalist" in Braudel's scheme makes big profits. The profits are abnormal, "quasi-rents" as Marshall called them, the short-run profits before entry brings normality back. Braudel's capitalist makes his quasi-rents by Mafia techniques. He

⁹ John Keymer, quoted in Appleby 1978, pp. 75-76.

corrupts governments. He organizes monopolies. To defend his trading post in West Africa, his abnormally profitable turf, he is willing to engage in shocking violence, shocking at any rate to those who faced European imperial commerce 1500-1960. He eagerly leaps into any new opportunity to buy *very* low in, say, Batavia in Indonesia or Kinshasa in Congo to sell *very* high, ten times higher, in Amsterdam or Antwerp. He sneers at the suckers who work 9:00 to 5:00 for merely normal profits. He's a crook, a player, a wise guy. No wonder Braudel doesn't love such a "capitalist." Who except Carmela could love Tony Soprano, really?

Braudel was very far from being a Marxist, at any rate by the standard of, say, his contemporary Sartre or of the next generation, such as Louis Althusser. But like us all he imbibed in his youth Marxist ideas about how the economy functioned, ideas echoing through followers of Marx like Karl Polanyi or even revisionists of Marx such as Max Weber. You can't avoid Marxist ideas any more than you can avoid Darwinian or Freudian ideas. I can't, either. They're part of the rhetoric of the age, its commonplaces. (Awareness of rhetorical techniques, I think, makes it possible to spot one's own commonplaces, at least sometimes, and to worry about their aptness. By contrast, if you think of language as being merely a system of signs for pre-existing things you overlook its persuasive slant.)

Braudel distinguished three levels of economic life, the material at home, the small market in the village, and the big market of capitalism worldwide. The line between the small market and the capitalists, he argues, is written in ethics. The "capitalists" cheat, and because they are big-time cheaters they get ennobled rather than hung. "Mr.

Moneybags," I've noted, was Marx's indignant characterization of such a character. "The triptych I have described," Braudel wrote in 1977, " – material life, the market economy, and the capitalist economy – is still an amazingly valid explanation, even though capitalism today has expanded in scope."¹⁰ In quoting this claim the economist Alan Heston remarks that "it is a structure of thinking that is rather alien to trends in economic research that seek to explain the behavior of households, markets and business firms using similar economic models."¹¹

What Braudel gets wrong because of his *marxisant*, rise-of-classes rhetoric is his claim that there is a line between normal markets and super-normal innovation. A bourgeois economist does not think so. She does not mean simply that there's no *bright* line. She means that there's no line at all. Market participants *are* capitalists. You are, for example. True, you don't have Scrooge-McDuck amounts of moneybags to back your investment ideas – at any rate until you can with sweet words persuade Scrooge to invest. But when you bought your home, or "invested" in a fur coat against the Chicago winter, you were engaging in the same activities as the masters of high finance. Buying low and selling high, expecting the capital gain on your condo to finance your retirement in south Texas, expecting the fur coat to yield "profits" in warmth over many winters to come, runs every market, *haut* or *petit*.

Braudel's vision is of a routine world of normal profits for little people. Economists call it the "steady state." It is not just normal and steady. It is stagnant. Innovation – the modern innovation that has made us all rich – does not as Braudel

¹⁰ *Afterthoughts on Material Civilization and Capitalism*, p. 112, quoted in Heston 2000.

¹¹ Heston 2000.

claims depend on bribery, violence, and cheating. It depends on Kirzner's "alertness." That is, it depends on noticing opportunities for super-normal profit (and using them by the exercise of internal and external persuasion, a necessary linguistic supplement to Kirzner's story). One can notice that the booming South Loop of Chicago could really use a high-end grocery store, such as Fox and Obel. The opportunity will make Fox and Obel great profits in future years, worth as a capital sum now, say, \$1,000,000 (I offer the advice to Messrs. Fox and Obel gratis; the advice is probably worth about what I am charging). A million dollars is pocket change by the standard of a really big capitalist like Donald Trump. But it is nonetheless innovation, and results, as The Donald's first big real-estate project in Manhattan did, in supernormal profit. At least it will do so until the competition wakes up, too, and two or three more high-end grocery stores open in the booming South Loop.

The analogy extends even to the misbehavior that Braudel assigns to the capitalist sphere. The *marxisant* vision attributes super-normal profit to *large* capital accumulation and to *outrageous* behavior. Neither is correct. On the whole you make a little or big fortune by alertness, not by theft, at any rate in a well-ordered community of laws (on which North and I and all economists agree: without laws nothing can happen). True, the oil executives granted numerous opportunities to chat up Vice-President Dick Cheney when he ran the U.S. government are going to do better, probably, than a local store owner complaining to her alderman that the opening of a WalMart will ruin her. But there's no difference in principle – or, adjusting for scale, in practice – between the two cases of lobbying. Alertness, not investment or corruption or monopoly (though

unhappily these, too, figure), drives a successful economy. Something happened in the rhetorical world of Europe – in Holland during the seventeenth century and later in England; in the late eighteenth century Scotland, and the English colonies in North America; in the very early nineteenth century in Belgium and France, and so forth – that made alertness explode.

On the other hand, Braudel had one important economic argument quite right, which some others – Weber, for example – did not. Namely: routine behavior yields routine profits. Braudel quotes Weber on sobriety and the like, what Weber called Protestant behavior – though even Weber admitted that such behavior was praised in numerous handbooks of proper business behavior by undoubted Catholics in northern Italy two centuries before the Calvinists after Calvin got hold of the idea. But Braudel knows that sobriety and savings and the like does not yield supernormal profits.

* * * *

Yet in one respect Braudel is an orthodox marxoid – a rhetoric, admittedly, that he shares with most economists and historians. He believes that the key to innovation is the accumulation of profits. What Herbert Feis, speaking of Britain in the late nineteenth century, called a "free financial force" stood ready around 1800, says Braudel, to shift its Mafia-style attentions to manufacturing when that rather than long-distance trade in spices and china was the place to make supernormal profits.

We've seen that the "original accumulation" part of this way of narrating the birth of the modern is unhelpful. But the other half is unhelpful, too. It is not – *pace* Marx – the

surplus value stored up by Mr. Moneybags (*Herr Geldsack*) that propels modern innovation. Such profit is merely a hope tempting to the imagination. Profit comes mostly from productivity, not as the pessimists of the left and right insist mostly from monopoly. Paul Sweezy, Paul Baran, Stephen Marglin, William Lazonick, Bernard Elbaum, Edward Lorenz, Jon Cohen, Robert Allen, and other economic scholars on the left – an astonishing group, by the way, presenting a scientific challenge largely ignored by the Samuelsonian/ Friedmanian orthodoxy in modern economics – have been claiming for a long time that innovation was determined by the struggle over the spoils (in a phrase, by monopoly capitalism), for good [Galbraith, Lazonick] or evil [Baran and Sweezy]). It didn't, though as usual the economics and the politics shaped the details--- but did not determine the tide. The left-institutionalist argument originates with Marx in 1846: "Since 1825, the invention and use of machinery resulted solely from the war between masters and workmen."¹² The left can claim that this or that change of technique – factories (Marglin) or mule spinning (Lazonick) or enclosure (Allen) was partly motivated by the share of the spoils, not efficiency.¹³ Lazonick summarized the program in his graceful presidential address to the Business History Conference in 1991: "For better or for worse, it has been the strategies of people entering into social relationship in attempts to control their lives that has shaped the markets for labor, capital, and products

¹² Marx 1846. He continues, though, "but this is true only of England. As for the [Continental] European nations, they were compelled to use machinery by the competition they were encountering from the English," which implies that the machinery was more efficient – which is the bourgeois point. On the other hand, Lazonick argues in

¹³ Marglin 1974; Lazonick 1979, 1981; Elbaum and Lazonick ;Elbaum and Lazonick, eds. 1986; Lorenz 1991; Allen 1992.

that have come to characterize the modern industrial world.”¹⁴ The idea is that organizations – unions, corporations, conspiracies, politics – run the show.

The left-wing and the Schumpeterian and the institutionalist critics of Samuelsonian economics often make their case well. In the one example in which I too am a little knowledgeable, the English enclosures, the leftish Robert Allen agreed with me that the share of spoils mattered a good deal, and that the rise in productivity was anyway small (I did the scientific work in the 1970s when I was still an orthodox Samuelsonian/Friedmanite economist).¹⁵ But dividing up the spoils from efficiency gains – one version of the organizational struggle that economists on the left from Marx to Galbraith have emphasized – was not mainly what made the modern world. Nor was the modern world made by the “organizational capabilities” that Lazonick and Robert Reich and Lester Thurow and others emphasize. The capability of the Americans to organize mass production or the capabilities of the Japanese to organize worker-management cooperation are in the long run imitable, and imitated. And in the medium run they can become dis-capabilities, handicaps, when the economic environment that made them profitable changes. Thus Henry Ford’s capability in mass production of tin lizzies became a handicap when faced by General Motors’ capability in annual model changes and in servicing a middle-class market. The storied excellence of the Japanese of the 1970s dissolved into the Lost Decade of the 1990s. The Soviet capability in exploiting economies of industrial scale under central planning in the 1930s became the handicap of the 1980s. The capability of British engineering in bespoke tailoring of railway

¹⁴ Lazonick 1991, p. 2.

¹⁵ McCloskey 1975a; Allen 1992.

locomotives in the 1890s became the handicap of the 1960s. The shunning of defectors that enforced contracts among, for example, Jewish traders of North Africa in the Middle Ages became the handicap in early modern times of not sufficiently attending to courts.¹⁶

What made the modern world was the gigantic size of the entirely unprecedented spoils of innovation in product and process and organization, together with an egalitarian distribution of the spoils in the long run driven by entry and competition. The inventor Richard Roberts, true, was directly employed by English cotton-textile manufacturers to produce a device to break the labor power of the mule spinners. But most inventions achieved their profitability – as indeed the self-actor also did – by making costs lower for a given output, not by exploiting the workers (whether or not along the way the workers *did* get exploited). Exploiting the workers, to repeat, does not yield enough loot to explain rises of 100 percent, not to speak of 1500 percent, in the productivity of all – including paradoxically the exploited workers themselves.

Normal profits are earned not by exploitation but by alertness to the right way of doing business – running a store better than other people know how, say – and *super-normal* profits are earned by superior alertness, such as Sam Walton of WalMart exhibited. The piled-up alertnesses have made us rich. The Astors and the Carnegies and Sam Waltons make the money in the first generation by alertness in the fur business or steel manufacturing or retail trade. (And with an occasional but well-placed bribe, it must be admitted – but this is true of little capitalists, too, and is rampant in socialism; and in fact Carnegie and Rockefeller [and for all I know Sam Walton: I am sure about

¹⁶ Thus Greif ***

Carnegie and Rockefeller] were by the standards of the time notably ethical in their dealings.) Yet when everyone figures out how to get beaver hats or steel or close monitoring of retail inventories, the profit goes back to normal, and we, poor exploited things, are left with cheaper beaver hats and cheaper steel and retail goods 30 percent cheaper than charged by our good neighbors the local hardware and clothing monopolists on Main Street.

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