

Fernand Braudel:

A BIOGRAPHY OF CAPITALISM

"With the dramatic experiments carried out by the socialist countries," writes French historian Fernand Braudel, "capitalism has disappeared from a large part of the earth." Gone, too, is the capitalist's euphoria—and clear conscience—of the early 19th century. Is capitalism an endangered species? What kind of animal is it? What are its origins? In his monumental *Civilisation Matérielle, Economie, et Capitalisme*, completed in late 1979 and published in France earlier this year, Braudel describes today's capitalism in terms of the big banks, big financiers, and multinational corporations that dominate Western economies; but its evolution, he argues, began centuries before the Industrial Revolution. Capitalism, he notes, has been in trouble before. Each time it has been rescued—by its own adaptability and by the resilience of the competitive "market economy" of smaller firms from which capitalism draws innovation and strength. Here, we present the concluding chapter, slightly abridged, of Fernand Braudel's three-volume work, following a brief introduction by historian Frederic Cheyette.

by Fredric Cheyette

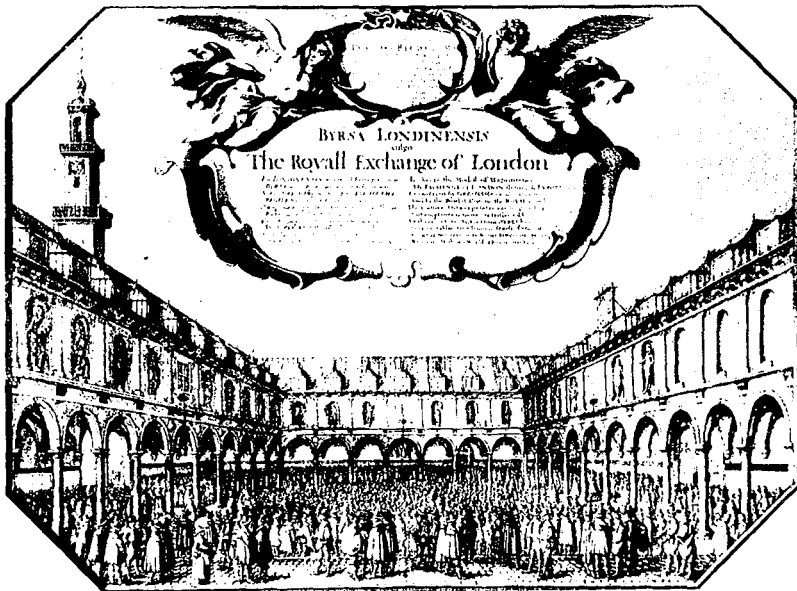
"The present," writes Fernand Braudel in the third and final volume of his *Material Civilization and Capitalism*, "is largely the victim of a stubborn past bent on self-preservation." That remark is one key to a broad vision of history.

When Fernand Braudel became an editor of the French historical journal *Annales: Economies, Sociétés, Civilisations* in 1948, and when in 1956 he was named director of the 6th Section of the Ecole Pratique des Hautes Etudes, France's most prestigious social science research center, he took on the mantle of two men who, more than any others, shaped French historical

writing in this century: Marc Bloch and Lucien Febvre. The appointments made Braudel the intellectual director of a large group of younger scholars who had found excitement in Bloch's and Febvre's vision of past human experience.

These responsibilities demanded, too, that Braudel continue the search for solutions to the many problems of historical method that the older men's vision—their "Combat for History" (Febvre's title for his collected essays)—had bequeathed to the profession. First planned in 1950, Braudel's newly completed *Material Civilization* not only crowns the long, pioneering career of its author; it also brings into focus, as no other work has done, the methods of the *Annales* school.

At the time Febvre and Bloch began their university careers in the second decade of this century, a focus on "court and cabinet, drum and trumpet" narrative dominated the teaching and writing of history in Europe and America. History was a story of politics and that alone. If the landscape, the labors of the peasants, the activities of artisans and merchants, or the development of technology appeared in a historical treatise, they did so as part of a stage set, as the introductory backdrop—"tableau" was often enough the key word—against which great



Etching by Wenceslaus Hollar, London, 1644.

Interior of the Royal Exchange, London, 1644.

men acted out their great or nefarious deeds. These elements were mentioned and forgotten, Braudel once wrote, "as if the flowers did not come back every spring, the flocks of sheep migrate every year, or the ships sail on a real sea that changes with the season." *Histoire événementielle*, the history of events—to Bloch, Febvre, and their colleagues, the phrase became one of derision. *Real* history they found elsewhere, in the history of ideas and attitudes and in the history of whole societies.

The Shape of Time

The history of ideas became Febvre's favorite subject: not just the ideas of formal philosophy but those reflected in literature and indeed in all human activities. "Mental tools," Febvre liked to call them, whose history required an understanding as much of psychology as of literature, theology, or philosophy. "We have no history of Love," he once complained to students at the Ecole Normale Supérieure in 1941, "We have no history of Death. We have no history of Pity nor of Cruelty. We have no history of Joy."

Bloch, strongly influenced by Emile Durkheim and his new sociology, devoted himself to the history of societies, attempting to delineate in his two great works—*French Rural History* and *Feudal Society*—the complex interconnections between geographical patterns, technology, "mental attitudes," class structures, and institutions.

In 1929, the two men founded the *Annales d'histoire économique et sociale* (renamed the *Annales: E.S.C.* in 1946) as their weapon against, and eventually within, the historical establishment. It quickly developed both a set of themes and a style of its own, pungent and combative (a regular section was entitled "Debates and Fights"), flouting traditional rules of French style, alternately florid, hortatory, and quantitative-scientific. The young Braudel quickly came under its influence.

Braudel had begun his doctoral thesis in 1923 on the Mediterranean diplomacy of King Philip II of Spain (1527–98). During the 1930s, it matured into a gargantuan history of the Mediterranean region in the 16th century. When published in 1949, *The Mediterranean and the Mediterranean World in the Age of Philip II* was immediately recognized as a monument to the

Fredric Cheyette, 48, is professor of history and European studies at Amherst College and assistant editor of Speculum, a journal of medieval studies. He has edited and translated essays from the Annales school for his Lordship and Community in Medieval Europe (1968).

Annales and, in the decades following, in turn inspired hundreds of articles, monographs, and even more gargantuan theses.*

When he turned from the traditional concerns of diplomatic history to the history and destiny of the Mediterranean and the people who inhabited its shores, Braudel was faced with problems of understanding and of organization quite unlike any that his masters in the craft had ever considered. These problems have stayed with Braudel throughout his career. His solutions, partially developed in the first edition of *The Mediterranean*, reworked and clarified in the second edition (1966), have now been brought to fruition in *Material Civilization*.

The first of these problems is the very shape of time itself. The political historian easily delimits the time span of his narrative—the reign of a king, the administration of a President, the years from one treaty to another. So, too, the historian whose work is “problem-oriented” (as were both Febvre’s and Bloch’s), for whom chronology is set by the problem.

Long-Term, Short-Term

But how does one narrate the history of an economy or a society? Where does one begin and end? Above all, what are the rhythms? How fast or slowly does the clock run? Populations expand and contract. Peasants plant new crops and abandon old ones. The climate warms and then turns cold. Prices rise and fall. On these many long-term movements, the deaths of kings have no impact. Their boundaries, rhythms, and shapes cannot be known in advance or applied from the outside. The historian’s first task must be to discover what in fact they are.

Furthermore, there is no reason to believe that one kind of history moves at the same pace or has the same “shape” as another. The move from political history to the history of economies and societies thus calls into question the most basic chronological framework of traditional historical understanding, the yardstick by which change is measured. To concep-

*The impact of the *Annales* school on French historians has been profound. Its impact elsewhere is harder to pin down. Among historians in Britain and the United States, for example, a growing interest in social or “pots and pans” history has been evident for two decades, manifested in such books as Keith Thomas’s *Religion and the Decline of Magic* and *Salem Possessed* by Paul Boyer and Stephen Nissenbaum. Whether this represents cause and effect or simply parallel development is impossible to determine. Doubtless few historians outside France would call themselves “members” of the *Annales* school; some who are doing *Annales*-type work may never have read a page of Bloch, Febvre, or the rest. Suffice it to say, then, that while the work of the *Annales* has substantially altered Western historiography, one cannot chart all the byways of its influence with the same precision that one can plot, say, the genetic legacy of Queen Victoria’s hemophilia.

tualize this problem of time, Braudel turned to the study of business cycles, where he found the economists' images of long-term and short-term movements and the possibility of superimposing the graph of one movement upon another. He organized *The Mediterranean* around the theme of different times: the very long-term shifts of social groups and economies; and the short-term changes of politics and diplomacy. In *Material Civilization*, it is the long-term that gives coherence to the whole.

How are these different movements of times connected, one to the other? Are the societies, economies, and cultures within which men live more than just the stages on which they act out their individual dramas or comedies?

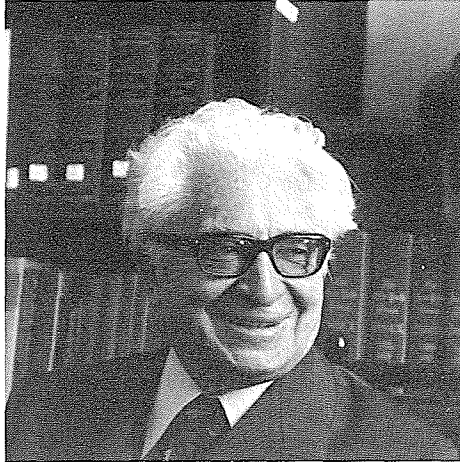
This was the second problem that the *Annales* methods implicitly posed. One may scorn political events but that does not get rid of them; and Braudel felt obliged to devote the last third of *The Mediterranean* to their narration. Yet, although his metaphors suggested that the day-to-day events of diplomacy and politics were determined by the long-term movements he had so exhaustively traced (those movements, he wrote, are "the deeper realities of history . . . the running waters on which our frail barks are tossed like cockleshells"), his narration of political events showed very little of it. In *Material Civilization*, a theoretical context is given for understanding how the flood of the long-term bears on its teeming surface the eddies of human passions, intentions, and actions.

Inertia Always Wins

One may imagine Braudel beginning *Material Civilization* with some simple questions: Between the 16th and 18th centuries, what did people experience as they went through their daily chores? What could they expect when they awoke in the morning?

Braudel, true to his motto that "to see and to tell is half the historian's task," spreads the answers richly before us: the density of people on the land, famines and diseases, food and drink, household furnishings, dress, technology, transports, money. In other hands, this could have been mere anecdotage, but Braudel, sure of his craft, imposes a strong theoretical frame upon it. This world of production and consumption is the world of "material civilization," giving shape to individual lives but immune to individual influence. It is a world in which cultural choices (e.g., growing cereals in Europe, rice in Asia, maize in America), once made, have their own consequences, impose their own rhythms, determine the expectations of those who live

Historian Fernand Braudel: "Capitalism is the perfect term for designating economic activities that are carried on at the summit, or that are striving for the summit."



by them. Subject to short-term fluctuations (as, for example, the rapid shifts in birth- and death-rates in pre-industrial populations) and to sudden alterations (as when American syphilis arrived in China nearly a century before American maize)—fluctuations and alterations that are part of its nature—the history of material civilization is measured in the long-term. It has the power of inertia, and it always wins.

Within and on top of "material civilization," Braudel finds two economies of exchange—the "market economy," the world of true competition and low profit margins, where every participant operates with about the same degree of knowledge or ignorance; and "capitalism," the summit of the economic pyramid, the world of monopoly or oligopoly, high profits, special positions, freedom, and power. These, too, have their long-term histories: Market economies can be found in even the most primitive societies, and the origins of capitalism go back to the ancient world. If invention, intention, and the acts of individuals have any meaning, it is here at the summit; and here, on equal footing with capitalism, is the world of politics and the state.

As his conclusions make manifest, Braudel is reading back from the 20th century to a younger world, and forward from then to now. Relativist history, perhaps, but it achieves what Bloch and Febvre hoped history some day would do. Its underlying theory is deterministic—we are what we have been—yet through Braudel's extraordinary vision, it liberates the reader from his own narrow place in the long-term of civilization.

WILL CAPITALISM SURVIVE?

by Fernand Braudel

I A Long Life

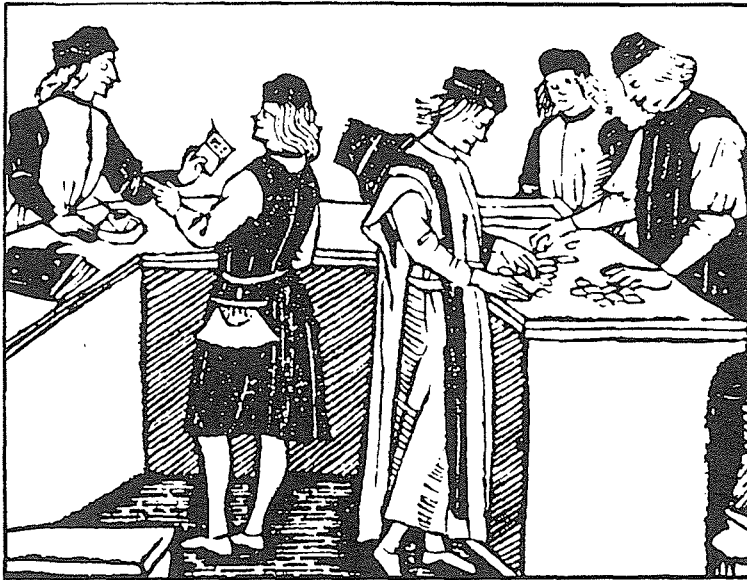
Capitalism as a potential force emerges from the dawn of history, developing and perpetuating itself over centuries. Well in advance, there were signs heralding its arrival: the take-off of cities and exchanges, the appearance of a labor market, population density, the diffusion of money, long-distance trade.

When India, in the first century of our era, seized the far-off Indies, or at least penetrated it; when Rome held the entire Mediterranean and more under its sway; when China, in the 9th century, invented paper money; when the West, between the 11th and 13th centuries, reconquered the Mediterranean; when, with the 16th century, a "world" market began to take shape—at all of these times the "biography of capital" was being written, in one way or another.

In search of capitalism's origins, some historians refuse to go back much beyond the 16th century. Many prefer to draw the line at the 18th century, identifying capitalism with the prodigious burst of the Industrial Revolution. But even in this "short" perspective, there are three to five centuries involved; we are looking at a structure of long duration. Sometimes, rarely, great ruptures intrude, and the Industrial Revolution is certainly one of them. But capitalism has remained fundamentally recognizable over the years. Indeed, this is one of its chief traits: Capitalism maintains itself precisely through change itself. It feeds on change, always adapting itself to the limits that, in different eras, define the rewards and possibilities of the economy of men.

Just as it is wrong to imagine that capitalism is a newcomer, so it is an error to suppose that capitalism grew by stages: first precapitalism, then, seriatim, merchant capitalism, industrial capitalism, and financial capitalism, with "real" capitalism coming late, after its seizure of the means of production in the 19th century. In fact, the great "merchants" of the preindustrial era never were so specialized. They dabbled—simultaneously, successively—in commerce, banking, high finance, market speculation, even manufacturing.

The coexistence of several forms of capitalism was already



Courtesy of Thames and Hudson Ltd.

A bank in Florence, 1490.

apparent in Florence in the 13th century, in Amsterdam in the 17th, in London from before the 18th. When, at the beginning of the 19th century, technological advances made manufacturing a sector of great profit, capitalism, to be sure, adapted to it in a big way. But the capitalist always kept his options open. When, in England, increasing competition began to chip away at the profitability of textiles, capital flowed to steel and the railroads. There was a resurgence of finance capitalism, banking, speculation, international trade, colonial exploitation. Look at the Wendel family in France: They were simultaneously owners of iron forges, bankers, clothiers in the Vosges, and outfitters of the French military expedition to Algeria in 1830.

In short, the principal privilege of capitalism over the centuries, today as yesterday, remains the freedom to choose. And because it can choose, capitalism has the ability, at any moment, to change tack: That is the secret of its vitality.

Such agility cannot, of course, shelter capitalism from *every* risk. At times of great crisis, many capitalists go under. But many others survive, and others still enter the ranks from below. The historian d'Avenel was astonished—and rejoiced—that wealth, over time, passes from hand to hand, so that different “races” of unrelated landowners succeed each other upon a

single piece of real estate. This is what happens with capitalism. Even as it changes, it has an infinite ability to replace itself. Consider the words of Henry Hope, an Amsterdam businessman of some importance, who remarked of trade in 1784 after the fourth Anglo-Dutch War that "it often falls ill, but it never dies."

II Society Envelops Everything

It is the greatest of mistakes to contend that capitalism is simply "an economic system" without acknowledging that it is on a nearly equal footing with the state and always has been; that it is buttressed by the culture within which it operates for the simple reason that culture, whatever its contradictory currents, is rooted in the status quo; and that it props up a society's dominant classes since they, by defending capitalism, defend themselves. Capitalism cannot be extricated from the society in which it is embedded; money, government, culture confront one another but support one another all the same.

Which of these dominates? The answer must be: now one, now the other.

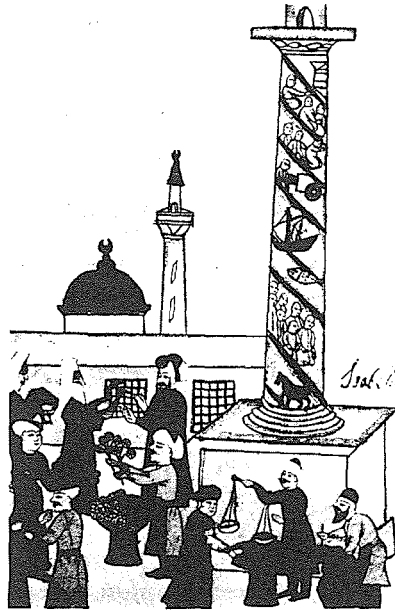
Businessmen these days are quick to charge that government is currently in the driver's seat. There is certainly no lack of solemn observers who speak of the state as the Beast, crushing all and robbing the private sector of its initiative, robbing the innovator of his freedom. And the Beast, they say, must be forced back into its cave.

Just the opposite may be said as well: that capital itself is permeating everything, rolling over everything in its path.

Let us not deceive ourselves. State and capital—or at least that of the massive firms, the big companies, and the monopolies—make good bedfellows, today as yesterday. And capital, right under our noses, makes out rather well. To the state it has left, as in the past, those tasks that are unrewarding or too costly: maintaining a highway system, communications, the army, education, research. It has granted the state responsibil-

Fernand Braudel, 77, is director of the Maison des Sciences de l'Homme and a former Wilson Center Fellow. He was educated at the Lycée Voltaire, Paris, and the Sorbonne. He has been a member of the Ecole Pratique des Hautes Etudes since 1938, and since 1949 has been a professor at the Collège de France. His books include The Mediterranean and the Mediterranean World in the Age of Philip II (2 vols., 1972, 1974) and Capitalism and Material Life, 1400–1800 (1973). This essay was drawn from Civilisation Matérielle, Economie, et Capitalisme, published by Librairie Armand Colin, Paris, in December 1979.

Traders in 16th-century Istanbul. "In the Islamic world, just as in Europe, the cities gradually stripped the villages of their markets, swallowing them up. . . . A whole network of credit and commercial organizations connected Moselm cities with the Far East."



Reprinted by permission of the Museo Civico Correr, Venice.

ity for public health and social welfare. It lives shamelessly off the conveniences, exemptions, subsidies, and liberties of the state, that machine for the collection of the enormous sums of money that flow toward it, sums that it redistributes. Above all, the state spends more than it receives and so becomes a borrowing machine. Capital is never very far from this deep and always flowing spring. This alliance of capital and state stretches across all modern centuries. When the state trips, capitalism falls on its face.

Capitalism's rapport with culture is ambiguous because it is seemingly contradictory. Culture is at once capitalism's accomplice and adversary. In the Germany of Martin Luther, the protests against the monopolies of the great firms of the Fugger, the Welser, and others, were quickly extinguished. Culture almost always comes back to protect the existing order, including capitalism.

Consider the student turmoil of 1968 in Western Europe and America. Herbert Marcuse, who involuntarily became the pope of that revolution, was correct in saying that "it is foolish to speak of 1968 as a defeat." It shook the social edifice and shattered customs. The social and familial fabric was sufficiently torn that new "lifestyles" appeared on all levels of society. In this respect, it was an authentic cultural revolution. And ever

since that time, capitalism, at the core of our shaken society, has been insecure, attacked not only by socialists and Marxists but also by new groups who attack power in whatever form it rears its head: Down with the State!

But time passes. A decade is nothing in the slow history of societies, but quite a long time in the life of individuals. Behold the protagonists of 1968 absorbed by a patient society, whose very slowness gives it a remarkable force of both resistance and absorption. Inertia is what it lacks least. That 1968 produced no "defeat" is certain; but an absolute victory? Indeed, do absolute victories or defeats really exist in cultural matters? The Renaissance and the Reformation appear to have been two magnificent and long-winded cultural revolutions. Yet, everything calms down eventually. The wounds heal.

III Will Capitalism Survive?

While capitalism is going through crises and vicissitudes today in the West, I don't believe it is a "sick man" about to expire. Granted, it no longer inspires the sort of admiration that Marx himself could not suppress. It is no longer viewed, as by Max Weber, as a final evolutionary stage. But any system that might gradually replace it would resemble it like a brother.

And I doubt that capitalism will break down by itself, of "endogenous" causes. A breakdown would require an extremely violent shock from the outside—as well as a credible alternative ready to take its place. Every socialist victory so far has benefited from an exceptionally violent external shock—the Russian Revolution in 1917, the regimes of Eastern Europe in 1945, the Chinese Revolution in 1947. Moreover, these movements were buoyed by complete confidence in the socialist future. That confidence has since eroded. Capitalism, then, will not easily be overturned by speeches and ideological programs, or by momentary reversals at the polls. Economically speaking (I don't say *ideologically*), it may even emerge fortified.

We know what economic crises ordinarily led to in preindustrial Europe: elimination of dead wood, or of the little guy, *les petits*, the fragile companies spawned in times of economic euphoria. The consequences: an easing of competition, a new concentration of essential economic activities in a few hands, the hands of the great capitalists.

Nothing has changed today. In 1968, the president of Fiat, Giovanni Agnelli, predicted that "in 20 years, there will be no more than six or seven makes of automobiles in the world." Today nine automakers account for 80 percent of the world's car

production. At home and abroad, there is a reshuffling of the cards, a "new deal," but to the advantage of the most powerful. Herbert Marcuse was right: "Crises are essential for the development of capitalism; inflation and unemployment favor the centralization and the concentration of capitalism."

Centralization and concentration are, in effect, the silent builders and demolishers of our social and economic architecture. The present crisis is a very traditional one. In the course of readjustment, certain industrial activities atrophy or simply disappear. But new lines of profit are drawn at the same time, to the advantage of the survivors.

Great crises prompt a similar redistribution on the international level. There also the weak become weaker; the strong, stronger. Look at what has happened during the last few decades. There has been a shifting of the American economy from the Northeast toward the South and the West of the United States to the point where it is possible to speak of a "shift" of the center of the world from the Atlantic to the Pacific, around a kind of U.S.-Japanese economic axis. There has been a division of the Third World, between the new wealth of the oil producers and the poverty and accrued difficulties of everyone else. And, too, thanks largely to Western firms, particularly the multinationals, there has been increasing industrialization of these struggling nations that only yesterday were cast in the supporting role of mere raw-materials producers.

In sum, capitalism is not withering away. It is changing its tack, reorganizing its forms of domination. Its built-in advantages are enormous. It can choose the ground on which it will fight. Above all, unlike the theoretical alternatives vying for allegiance, there is a certain presumption in capitalism's favor simply because it is already here.

"Tradition and previous generations," Marx wrote, "weigh like a nightmare on the minds of the living," as well as, we might add, on the *existence* of the living. Jean Paul Sartre may dream of a society where inequality does not exist, where there will no longer be domination of one man by another. But no society in the world has yet renounced tradition and the use of privilege. The example of the socialist countries proves that the disappearance of a single hierarchy—the economic one—does not ring in equality, liberty, or even abundance. Even a clear-sighted revolution—Can there ever be one?—would have trouble demolishing all that has to be demolished while conserving what must be conserved: basic freedoms, an independent culture, a truly free market economy, and more than a little fraternity. That's a lot to ask.

IV Capitalism and the Market Economy

The great capitalist upsurge of the last century was seen by Marx and even by Lenin as eminently and soundly competitive. What is surprising is that this image (though long questioned by economists) is still the common coin of politics, journalism, and the classroom. Already, before 1929, Keynes spoke of imperfect competition; contemporary scholars go further. As they see it, there are market prices and monopoly prices, in other words a "competitive sector" and a monopoly sector—a two-tiered economy. Up top are the monopolies, underneath is the competitive sphere occupied by small and medium-sized businesses.

Though the distinction is not yet made in common usage, the practice of alluding to the upper-tier alone as "capitalism" is gaining ground. Capitalism has come to be regarded, more and more, as a *superlative*. Capitalism does not mean the shop where I buy my newspaper; it means the chain which supplies it. It does not mean the artisans' workshops and the small independent businesses known in France as "the 49" because they prefer, given various legal and tax disincentives, not to surpass the onerous benchmark of 50 employees. These small businesses, these miniscule units, are legion. Sometimes, en masse, some wide-ranging crisis brings them to our attention.

Thus, during the two decades leading up to its climactic crisis of the 1970s, New York City, then the industrial center of the world, witnessed the decline, one after another, of those small businesses, many with fewer than 20 employees, that were its commercial backbone: the garment industry, printers, food processors, contractors—in other words, the whole "competitive" sphere. Once, these thousands of businesses provided New Yorkers with everything they wanted, all manufactured and stored on the spot. But Big Business supplanted and destroyed them, preferring new factories located outside the city.

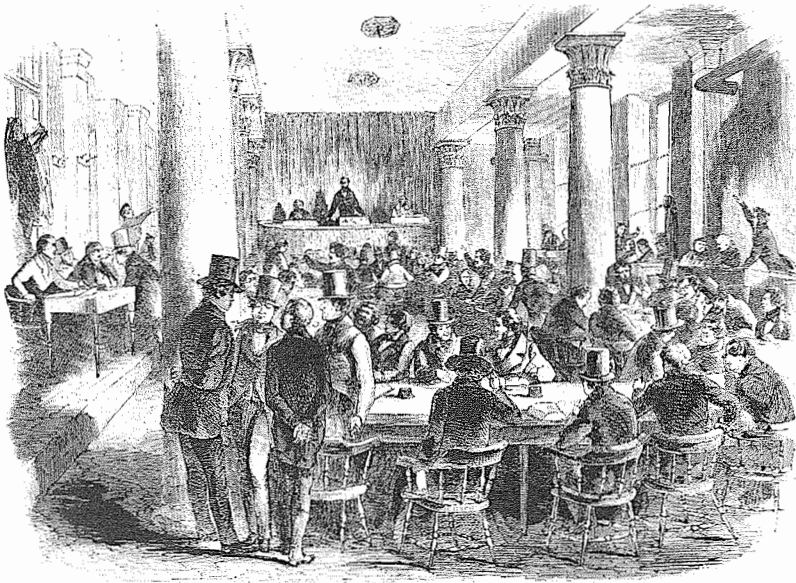
Sometimes we notice the competitive economy not because it is suddenly gone, but because it is thriving against all odds. Prato, a large textile center near Florence, is the best example I know of, a real oasis of very small and lively businesses, with a corps of skilled craftsmen attuned to fashions and trends. The great Italian textile firms are currently in a slump, yet Prato boasts full employment.

My purpose here is not to enumerate examples but only to point out the existence of a lower tier—and a considerable one at that—of the economy. Don't think that capitalism is equivalent to the economic structure as a whole, that it encompasses whole

societies. The workshops of Prato, like the printer going out of business in New York, are not part of "capitalism," either in social terms or in terms of economic management.

The market economy does not encompass *everything* left alone by capitalism. There also exists today, as in the 18th century, a third, or "basement," tier of the economy that accounts for perhaps 30 to 40 percent of all activity within industrialized countries. This volume is the sum total of all the activities outside the market and the control of the state: evasion, smuggling, barter in goods and services, moonlighting "off-the-books," and, above all, work performed at home that, for Thomas Aquinas, was the *economia pura*.

This "tripartite" model of the economy is as valid now as it ever was, and it compels us to revise our views on the existence of an economic "system" that is capitalist from top to bottom. There is, on the contrary, a lively dialectic between capitalism and everything beneath it. The truth of the matter is that capitalism *needs* units smaller than itself, mostly to dispose of a thousand-and-one chores indispensable to the life of every society, chores for which capitalism, as I define it, has neither the taste nor the talent.



Library of Congress.

The New York Stock Exchange, 1850.

The relationship between capitalism and its lower tier is not strictly of an economic nature. Government policy intrudes. Since World War II, for example, several European countries have deliberately downplayed small businesses, which they consider a thing of the past, a sign of economic backwardness. So the state created such monopolies as Electricité de France, now a virtual state within a state. It is the big corporations that have received, and still receive, state credits and subsidies, even as banks tighten, under order, their credit to smaller firms, condemning them to stagnation and, finally, death.

There is no more dangerous policy. It amounts to repeating the fundamental error of the socialist countries. As Lenin said: "Small-scale commercial production gives birth every day, every moment, to capitalism. . . . Where individual enterprise and free trade exist, capitalism appears." To get rid of capitalism, one must pull up individual enterprise and free trade by the roots.

Lenin's remarks pay homage to the enormous creative power of the market, to the second tier, to craftsmanship and "know-how." This creative strength, too, is a safety net during periods of crisis, war, of serious economic breakdowns. The second tier can always catch its breath: It is the realm of resources, of impromptu solutions, of innovations, even though the best of its discoveries eventually fall into the hands of the owners of big capital.

What I personally regret is the refusal of politicians to draw this distinction between capitalism and the market economy, or to present it as an all-or-nothing proposition, as though it were impossible to retain a market economy without giving free rein to monopolies, or to get rid of monopolies without "nationalizing" them outright. The program of the 1968 "Prague Spring" in Czechoslovakia—socialism at the top, freedom ("spontaneity") at the bottom—was designed as a double solution to an unsettling double reality. But what form of socialism can maintain the freedom and mobility of private enterprise? As long as the proposed solution amounts to a replacement of capital monopoly by state monopoly—thereby combining the faults of both—who can wonder that the classic solutions offered by the Left do not arouse much enthusiasm?

SOME BOOKS ON CAPITALISM

The most influential treatises on capitalism were written by the so-called classical economists—Adam Smith (1723–90), David Ricardo (1772–1823), and John Stuart Mill (1806–73).

In **An Inquiry into the Nature and Causes of the Wealth of Nations** (1776), Smith, reacting to the high tariffs and other restrictions of 18th-century mercantilism, advocated *laissez faire*—the doctrine that governments should end all restraints on trade and prices. The result, he argued, would benefit both individuals and, in the aggregate, the public. Ricardo, in **Principles of Political Economy and Taxation** (1817), and Mill, in **Principles of Political Economy** (1848), were in basic agreement with Smith. Karl Marx was not.

Reacting to the Industrial Revolution's harsh treatment of the worker, Marx (1818–83) urged the masses to rebel. He called for public ownership of all the means of production and for the ultimate "withering away" of all central governmental authority. The first volume of his **Das Kapital** appeared in 1867.

The Great Depression of the 1930s shaped the thinking of John Maynard Keynes (1883–1946) and Joseph Alios Schumpeter (1883–1950).

Keynes's **A Treatise on Money** (1930) and **The General Theory of Employment, Interest, and Money** (1936) introduced such "counter-cyclical" concepts as government deficit spending, with a lasting influence on public policies in the West.

Schumpeter did pioneering work in defining **Business Cycles** (1939).

Perhaps the best one-volume critique of Smith, Ricardo, et al. is Robert Lekachman's **A History of Economic Ideas** (Harper, 1959, cloth; McGraw-Hill, 1976, paper). *New York Times* reporter Leonard Silk's **The Economists** (Basic Books, 1976, cloth; Avon, 1978, paper) contains chapters on more recent thinkers—Paul Samuelson, Milton Friedman, John Kenneth Galbraith.

Friedman is Adam Smith's intellectual descendant. He explains his free-market theories in **Capitalism and Freedom** (Univ. of Chicago, 1962, cloth; 1963, paper). A contrary view is presented by Galbraith in his **The New Industrial State** (Houghton Mifflin, 1967; 3rd ed., 1978, cloth; 1979, paper). Galbraith urges an emerging, potentially powerful class of intellectuals and professionals to support federal programs aimed at redistributing wealth.

Irving Kristol argues that this new class has sought political influence through an expanded welfare state while scorning traditional U.S. values in **Two Cheers For Capitalism** (Basic Books, 1978, cloth; New American Library, 1979, paper).

Kristol is among those who believe that capitalism, for all its faults, works. "People who . . . subscribe to the social philosophy of a capitalist order . . . do indeed better their condition." Although "this prosperity is not equally shared," over the long term "everyone does benefit, visibly and substantially."



The Collection of the Institute of Puerto Rican Culture.

El Pan Nuestro (Our Bread), by Ramón Frade (1875–1954). The painting depicts a jíbaro, the farmer of Puerto Rico's mountainous interior.