

Michael Sonenscher, *Capitalism, the story behind the word*, Princeton University Press, Princeton, NJ, 2022.

Michael Sonenscher's book is not the usual narrative of a diachronic or synchronic history of capitalism; it is a stimulating analysis of the concept of capitalism. The author has the merit of being able to contribute to the debate on the concept of capitalism in an original and intriguing way.

The author debunks the assumption that under the term Capitalism we can denote all the structures and superstructures of the market economy that we are aware of. The term Capitalism has been constructed over time. In the beginning, the French word "capitaliste" was generally attributed to an investor lending money to another or to the French government for wartime needs. Thus, capitalist was a person, and then capitalism was a full-fledged economic system. At the eve of this

term capitalism “was the solution, not the problem because capitalism in its original guise had more to do with public credit and state expenditure than with private property and competitive industry”.

In Michael Sonenscher’s research, what is clear from the outset is that capitalism and division of labour are not the same thing, but they are two distinct subjects. As Adam Smith recalls, commercial society exists through the division of labour even before the existence of capital. Thus the author makes it clear: “Unlike capital itself, the division of labour presupposed markets, and markets, in turn, entail prices. Markets and prices are relentless and remorseless because, unlike capital, they are not the types of thing that can really be owned”. So, according to the author, what makes the ruthless system we know comes from the aseptic mechanism of the division of labour that follows cold mechanical rules. While it is true that the market and the prices can be controlled by a set of rules (both private and public) “they were still not the types of thing that could be physically occupied or possessed in the way that a house or a field or even a body can be owned”.

In fact, markets involve commodities and prices, while capital is about possession and ownership. Capital is in addition to the market – which has its own rules to abide by – giving shape to an economic system that is identified as capitalism.

However, early capitalism is not like what we know today. That system continues to change and evolve. To explicate some aspects of this evolution, the author tells us about Lorenz von Stein – a follower of Hegel – as the forerunner of social democracy. According to Stein, public finance and public debt initiate a further step forward because they impose a set of economic limits on domestic policy and these limits, as David Ricardo has pointed out, generate new incentives to find alternative ways on which to base foreign trade on the basis of comparative advantage. “Before capitalism became a problem, the problem of commercial society began with the subject of the division of labour”. Making these assumptions, Louis Blanc sees right in giving a distinct definition of capitalism and capital. Indeed, the suppression of capitalism would not lead to the suppression of capital. Blanc clarifies how capitalism means the private appropriation of capital: “Capital was, therefore, the means to neutralise capitalism”. Therefore, to achieve such neutralization, one must socialize or nationalize capital.

As far as I am concerned, the author sees right in placing much emphasis on the role of public debt as a central element of capitalism. The idea of making public debt the engine of economic growth had fascinated many 18th-century economists such as James Steuart and his French estimators in the early years of the French Revolution. To

talk about public debt, we need to go back to Stein. According to him, the creation of a currency linked to the growth of public debt has the effect of turning borrowing and lending into a kind of taxing-and-spending policy. “On Stein’s terms, only a state had the resources to keep the division of labour at bay. Stein called the outcome “social democracy.” And again “public debt was the real mechanism with the power to reconcile the state and civil society because the financial resources that the state could generate had the potential to overcome the contradiction between multiple individual personalities and its single personality”.

In fact, public debt allows the mobility of resources as a way to increase the availability of credit through interest payments. As much as this principle is a zero-sum game, we must point out that this assumption may prove incorrect if debt payments flow to foreign countries. Thus, only the payment of interest to domestic creditors activates the above principle. On the other hand, if the interest ends up in the hands of foreign creditors, we have a transfer of net wealth and an impoverishment of the indebted state (we must in this case refer to John Stuart Mill).

In conclusion, Michael Sonenscher allows the reader to reflect critically on the nature and mystifications of the concept of capitalism. This page-turner book, which is well written and accessible even to a non-specialist audience, can certainly help to define the capitalist system more clearly through a refined critical approach.

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