

During the last decennia, "it has become clear that capitalism in its present form does not provide the necessary answers and solutions for the recent social and environmental challenges ranging from rising social and economic inequality, financial crises, war and most urgent of all the climate crisis." (p. 17) At least, that is the starting point of Hugo Soly's latest work that prompted the author to (once again) search for the fundamental flaws in this economic system. Historical research is pivotal because "The search for explanations requires the analysis of the basic characteristics and specific dynamics of the economic system, while stressing that it is a historical phenomenon, with a beginning and perhaps an end." (p. 17).

It is obviously not the first time that scholars undertake this mission. The question is therefore how to study these flaws most effectively and innovatively in the hope of finding new answers. What approach could be used? Soly turns to the "new history of capitalism," a recent research trend originating from the Anglo-Saxon world and until now predominantly focusing on the post 1750 era of rising industrial capitalism, global commodity chains and the emergence of "Big Business." For unclear reasons, late medieval and early modern Europe remained largely out of scope, although many economic historians place the origins of capitalism in Europe well before 1750. (p. 17) Especially these earlier years offer plenty of opportunities for scrutinizing, for example, the rise of monopolies, the concentration of businesses, social and economic inequalities and the origins of globalization, to mention a few. This is where Soly steps in. He applies the new definition of capital as a process, central in the "new history of capitalism," to early sixteenth century Antwerp, a city that at that time was the "world's greatest marketplace." (p. 21). Three major "capitalists" come to the front in thoroughly studied biographies. It is through the actions of these early capitalists that capitalism is studied from within: "what were these early capitalists really up to, and how did they achieve their objectives? (p. 234). Or, in other words, how did they put capital at work successfully?

Hugo Soly is a grand master of socio-economic history whose career, spanning more than fifty years, has been devoted to, in his own words, “probe my own ideas about the rise, development, and transformations of capitalism.” (p. 11) The sixteenth century occupies a prominent place, according to Philipp Rössner, a period in which capitalism went through drastic “mutations and changes in drive, verve and scope.”¹ State formation in Europe, embodied by the Habsburg Empire, France and England, appeared to be pivotal. State forming went hand in hand with centralization and bureaucratization of state power at the expense of regions and cities, and with continuous warfare between the great powers. This is where the opportunities for the capitalistic entrepreneurs presented themselves. Soly deliberately chooses Antwerp as a stage to demonstrate this evolution. At the end of the fifteenth century, Antwerp acquired its prominent position as the main European commercial hub by surpassing Bruges and Venice, a process that Soly attributed to economic and geopolitical developments. While the voyages of exploration laid the foundations for a capitalistic world economy with global commodity chains, Antwerp received the staple rights for Italian alum, Asian spices and English fabrics from the most powerful European princes and monarchs. In this way, the city became the center of several interlinked trade routes, both by land and sea, which, as the case of Erasmus Schetz shows, offered enormous opportunities. The timing was perfect. It offered an outspoken *window of opportunity* in European history, the city of Antwerp was the indisputable *place of opportunity*.

The structure of the book is well-arranged with a fairly short but indispensable and dense introduction. This is followed by three chapters in which the three leading players, Erasmus Schetz, Gaspar Ducci and Gilbert van Schoonbeke, are discussed one by one. The author has chosen to treat these important actors for the most part side by side, although they do encounter each other from time to time. The book then closes with a comprehensive conclusion: in collaboration with the emerging state bureaucracies, often based on personal relationships with the powerful rulers themselves, these early big capitalists combined their vast wealth by unleashing their exceptional commercial, organizational and innovative capacities at a particularly favorable time frame using formally or informally monopolized (niche) markets. Thus, an important similarity between these otherwise very different protagonists was their close relationship with the political elite who

¹ P.R. Rössner, “Critical introduction”, in P.R. Rössner (red.), *On Commerce and Usury (1524)*, 2014, Anthem Press, London and New York, pp. 1-66.

gave them the necessary privileges, monopolies and protections. Soly puts it this way: “Businessmen in the most economically advanced part of the Spanish-Habsburg Empire were in the best position to leverage the new capitalist dynamic and at the same time shape it, as the concentration of political power facilitated forms of government intervention that benefited big business.” (pp. 241-2)

Erasmus Schetz, – defined by Soly a “merchant entrepreneur” – was the only one to do this by setting up a genuine international flow of goods. He linked the yields of the calamine mine in Altenberg to copper production in nearby Aachen and then, via the Antwerp market, connected it to the Portuguese pepper and spice trade in West Africa and Asia. As an important tax recipient, Gaspar Ducci (“merchant-banker”) nestled in the folds of the Habsburg state. In exchange for important tax innovations developed by him (Rentmeesterbrieven), he received special privileges such as the alum monopoly and was able to take maximum advantage of inside information while speculating on the Antwerp and Lyonnaise stock exchanges. With the help of both the local and central government, Van Schoonbeke (originally a ‘property speculator’) went from being a successful urbanist and land speculator to a versatile entrepreneur, active in beer brewing (monopoly), the construction sector and the Habsburg army supplies. Incidentally, through this book the sensational history of Gilbert van Schoonbeke is at last available in English!

With the three biographies, however, Soly wants to tell a bigger story. Using Jonathan Levy, he calls on the help of the “new history of capitalism,” in which the definition of capital as a process, among other things, is central. Capital is “an *economic process* governed by a form of pecuniary valuation, namely capitalization. (...) Capital is a legal property assigned a pecuniary value in expectation of its capacity to yield a likely future pecuniary income.” The definition of capital ownership follows automatically from this: “a capitalized form of property, including but not limited to a material factor of production,” a capitalist economy, “an economy in which capitalization has risen to principal economic status” and the capitalist, “the legal owner of a capital asset.”² In principle, almost all entrepreneurs could fit into these definitions, but according to Soly the real capitalists are only the large (non-specialized) entrepreneurs, who set strategies, weigh largest risks, see exceptional opportunities and make right investment decisions thereby controlling the capital process on a unique scale. (p. 22) In

² J. Levy, “Capital as Process and the History of Capitalism”, in *Business History Review*, 91, 2017, pp. 483-510.

other words, it is the *hedge funds* of the sixteenth century that chart the course of capitalism. So in order to get to the very heart of capitalism, it is crucial to focus on a few defining actors, that is the big capitalists. "The emphasis on practice means that businessmen 'must be placed front and center, for the way they shape and act upon ideas about the future fundamentally shapes the capital process.'³ It is clear by now that sixteenth-century Antwerp was a focal point in time and space where the workings of capital, the investment choices of capitalists, the symbiosis with political rulers offer all the ingredients to study "capitalism's mutations and changes" during early globalization with a central role for monopolies.

So far, Soly's argument has been very convincing. The beautifully documented biographies of Schetz, Ducci and van Schoonbeke are based on an overwhelming amount of very diverse source material. We actually get to see how capital is put to work in very different ways in various business practices and in very distinct markets. However, some critical remarks must also be made about Soly's work. The perspective of capital as a process is ideally suited to expose the motives and strategies of the capitalists for deploying capital. But this threatens to reduce the argument mainly to the entrepreneurial or investment process. Capitalism thus becomes mainly investment logic and it makes the association with contemporary tech giants such as Amazon and Google very visible. But the consequences for power relations between social groups, the exploitation of workers and the labor factor in general remain largely out of sight or are at least subordinate to the story.

More fundamental issues can be raised regarding the crucial role of monopolies in the genesis or mutation of capitalism. Is a monopoly a precondition for meeting financial criteria (whatever they are) to join the ranks of the capitalists or is it just a possible consequence, an opportunity, that presents itself as soon as an entrepreneur crosses a certain limit of wealth and obtains the resources to be of interest to the political elite? In the latter case, the question remains as to how successful entrepreneurs amassed their fortunes before they were admitted under the monopolistic umbrella of the state, before they were interesting and powerful enough to become an interlocutor for Charles V or Henry VIII. Aren't ordinary competitors who, without a monopoly, earn their returns and use capital as a process in the same way (choose markets, estimate future profits, weigh risks) also capitalists or perhaps capitalists in some kind of immature form? All entrepreneurs

³ *Ibidem*, p. 487.

with capitalist motives may strive for monopoly, but only few succeed in achieving it. However, can a successful entrepreneur only acquire a monopoly with the help of the state (the monarch or prince) or is this also possible by displacing competition in specific markets on its own? In sum, the three protagonists seem to be representative of a small group of absolute capitalistic victors, showing only a part of capital at work. Soly rightly notes that much (comparative) research is still needed to understand the role of monopolistic practices. (p. 243)

Finally, Soly could have extended the scope of his conclusions somewhat further. What do his findings ultimately say about the fundamental workings, transformations and shortcomings of capitalism? This is unfortunate because his findings can indeed be placed in a broader historical and theoretical framework, for example that of the evolution of market economies.

A possible theoretical framework is Bas van Bavel's work on an 'Invisible Hand' that has been directing the rise and fall of market economies for centuries.⁴ Van Bavel describes in three stages (dominance of factor markets – accumulation and growing inequality – speculation, monopolies and capital-state intervention) how initially free factor markets offer opportunities and prosperity to everyone, but that over time winners and losers arise as a result of competition in those markets. This leads to a sharp increase in inequality between rich and poor. The resulting market elite is doing everything it can to protect its privileged position. Through their financial power they connect with the political elite, in which the financial market as an institution plays a more important role. This is where state financing is facilitated and where the market elite can increase its wealth through targeted investment and speculation. It is at this last stage that speculation, monopolies and a close relationship between capital and state take hold and that Bavel labels "Capitalism."⁵

The similarities with *Capital at Work* are obvious. In van Bavel's model, Antwerp in the early sixteenth century could be situated at the beginning of the third stage. Balthasar Schetz, Gaspar Ducci and Gilbert van Schoonbeke have worked their way up to the absolute market elite and their careers show brilliantly how at some point market elites and political elites started to band together and cause market distortions. Monopolies were important in this process, although, according to van Bavel, they were not the only market distortions resulting from this connection. All (formal) market institutions, including

⁴ B. van Bavel, *The Invisible Hand? How Market Economies have Emerged and Declined since AD 500*, 2016, Oxford University Press, Oxford, pp. 273-274.

⁵ *Ibidem*.

BOOK REVIEWS

laws and regulations, jurisdiction and tax systems can be used. In sixteenth century Antwerp, this process had not yet progressed so far that market and political elites had merged completely, as would later be the case in the Dutch republic in the seventeenth and eighteenth centuries. Here, the political-market elite had largely withdrawn from the real economy, living predominantly from the returns of the financial markets, investing, for example, in government bonds of the same state apparatus they were governing.

This book encompasses work from Hugo Soly's entire career. Even more than that. The major gain is his inductive method and actor's perspective on capitalism that automatically follows from using the definition of capital as a process. By doing so, he has successfully introduced the "new history of capitalism" on the European mainland of the early modern period. And in doing so he gives the so-missed human face to macro stories such as the "invisible hand."⁶ The three protagonists formed the most successful and talented group of entrepreneurs at the time, who were able to take advantage of a favorable time in an ideal place and who knew how to exploit it to the fullest.

Rogier van Kooten
University of Antwerp